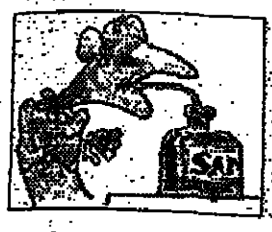

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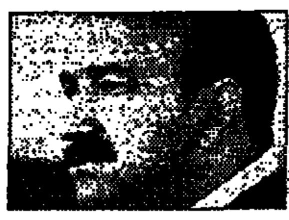

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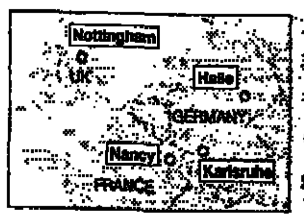

European partners
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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY OCTOBER 12 1993

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TOMORROW's

FT EXPORTER

Two out of five leading UK exporters are foreign owned, with the top 100 companies accounting for almost half of Britain's exports, according to an exclusive FT study

Papandreou's health casts shadow over election win

Doubts exist about the veteran leader's ability to withstand the stress of office, writes Kerin Hope in Athens

THE GREEKS woke up yesterday to an uncertain political future under a government headed by Mr Andreas Papandreou, the 74-year-old socialist leader, whose frail health means he is unable to work more than a few hours a day.

The return to power of the Panhellenic Socialist Movement (Pasok) marked a personal triumph for Mr Papandreou over his health and the financial and marital scandals that brought down his government in 1989.

But doubts about his ability to withstand the stress of running the country loom larger than ever. To protect his fragile health, he is expected to run the country from his villa in an Athens suburb rather than from the prime minister's office.

But instead of appointing a deputy premier, who might be tempted to plot his political demise, Mr Papandreou plans to keep a firm grip on his cabinet.

Loyal followers from the past rather than talented but possibly troublesome younger socialists will get key posts. Mr Papandreou will oversee committees of ministers and advisers who will carry out routine government tasks, according to socialist officials.

The "kitchen cabinet" principle of Mr Papandreou's previous term in office seems certain to be revived. The prime minister's heart specialist, Dr George Kremastinos, who has accompanied him on rare trips abroad since his recovery from heart surgery in 1988, is tipped to become minister of health.

The socialists' policies are still unclear, although Mr Papandreou's priority is the deficit problem, the result of a shortfall in revenues and a rise in interest payments on domestic debt to Dr2,200bn ($9bn) this year, equivalent to 11 per cent of gross domestic product.

Greek bankers and businessmen have been waiting in vain for evidence that Pasok, already committed to abandoning the conservatives' privatisation programme, will not undo their efforts to maintain fiscal discipline.

Moreover, the choice of Mr Giorgos Gennimatas as economy minister suggests political, not economic, concerns are more important to Mr Papandreou.

As Greece's most popular politician, Mr Gennimatas was due to get a high-profile job, although he has little experience of economic issues and is suffering from cancer.

Near-final election returns gave Pasok

Continued on Page 18
Editorial Comment, Page 17
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Eli Lilly to reduce workforce by 20% to stay competitive

US pharmaceuticals company Eli Lilly is cutting about 20 per cent of its worldwide workforce in an effort to remain competitive in an increasingly hostile industry. As much as 10 per cent, or 2,000 positions, is expected to disappear by mid-1994 through early retirement and non-replacement. Lilly hopes to eliminate a further 2,000 jobs by cutting the use of temporary and contract workers and consultants. Page 4; The big push, Page 19

Singapore Telecoms valued at US$19.5bn: The Singapore government, which is to sell between 7.2 per cent and 12.5 per cent of Singapore Telecommunications, valued the company at a minimum of S$30.5bn (US$19.5bn). Page 19

France seeks interim trade deal: France believes Gatt negotiators should aim for an interim trade accord this year, leaving difficult issues such as agriculture and broadcasting to be resolved later. The move would face opposition from the European Community and the US. Page 5

Mandela offers tax breaks to investors

African National Congress president Nelson Mandela (left), on a four-day visit to Britain, said an ANC-led South African government would offer fiscal incentives to encourage foreign investment in poorer areas of the country. He also guaranteed that overseas companies could repatriate profits and dividends on earnings made in South Africa. Page 7

Paramount Communications, besieged US entertainment group, bowed to pressure and agreed to open talks with QVC Network, the home shopping channel that has mounted a hostile bid for the group. Page 19

Russian banks to merge: Three of the strongest of Russia's many fledgling banks are to merge to form one of the largest banks in the country with assets of about Rbs1,500bn ($1.3bn). Page 18

Serbs block Bosnia aid: Serb fighters blocked United Nations relief convoys from reaching up to 150,000 people trapped in two besieged Moslem enclaves in northern Bosnia. Page 2

Westland wins US order: British helicopter manufacturer Westland has boosted its non-helicopter business with a £250m ($378m) order to supply parts for C-130 Hercules transport aircraft made by Lockheed of the US. Page 8

Call for Somalia meeting: The United Nations and Egypt, which chairs the Organisation of African Unity, have called for a meeting of African leaders in an attempt to find an "African solution" for Somalia. Page 7

China issues Hong Kong warning: China said it would scrap Hong Kong's legislature after 1997 if it failed to reach agreement with Britain on an orderly transition to Chinese rule. Page 18

UK-EC trade gap widens: The value of British exports to the EC in July was £4.85bn, ($7.3bn) the lowest monthly figure for 18 months. Imports from the EC were £5.7bn, leaving a monthly deficit of £848m, the biggest EC trade gap for two years. Page 8; Lex, Page 18

Scientists share Nobel prize: US scientist Phillip Sharp and his colleague, British-born Richard Roberts, shared the £550,000 ($830,000) Nobel Prize for Medicine for their discovery of split genes, which helped research into hereditary diseases.

■ STOCK MARKET INDICES

FT-SE 100:	3,102.2	(-6.4)
Yield	3.78	
FT-SE Eurotrack 100	1,319.96	(-1.20)
FT-A All-Share	1,535.37	(-0.1%)
Nikkei	(closed)	
New York lunchtime:		
Dow Jones Ind Ave	3,590.89	(+6.15)
S&P Composite	460.97	(+0.66)

■ US LUNCHTIME RATES

Federal Funds:	2⅞%
3-mo Treas Bills: Yld	2.98%
Long Bond	104⅜
Yield	5.917

■ LONDON MONEY

3-mo Interbank	5⅞	(same)
Liffe long gilt future:	Dec 114⅜	(Dec 114⅞)

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$17.34	(17.19)

■ Gold

New York Comex (Dec)	$361.7	(361.5)
London	$360.25	(357.25)

■ STERLING

New York lunchtime:		
$	1.5315	
London:		
$	1.531	(1.536)
DM	2.455	(2.465)
FFr	8.6275	(8.645)
SFr	2.155	(2.1575)
Y	162.75	(162.0)
£ Index	80.8	(80.9)

■ DOLLAR

New York lunchtime:		
DM	1.60315	
FFr	5.6275	
SFr	1.407	
Y	106.1	
London:		
DM	1.604	(same)
FFr	5.635	(5.6275)
SFr	1.408	(1.4055)
Y	106.25	(105.5)
$ Index	64.7	(64.6)
Tokyo (closed)		

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft 185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L8000
						UAE	Dh11.00

Bell Atlantic pays $1bn in Mexican cellular deal

By Damian Fraser in Mexico City

BELL ATLANTIC, the US telecommunications group, is to pay $1.04bn for a 42 per cent stake in Iusacell, Mexico's second largest cellular telephone company and holder of a potentially lucrative concession to own a national wireless telephone network.

The purchase is the largest foreign stake ever taken in a Latin American cellular company, and may herald further acquisitions by Bell Atlantic in the region, the US company said yesterday.

Iusacell owns a cellular concession in Mexico City, and controls others in Guadalajara and in central and south-east Mexico. It has 135,00 cellular subscribers, making it second to Telcel, the *national cellular company owned* by Telefonos de Mexico (Telmex). Iusacell's concessions cover about 60m people, 72 per cent of Mexico's population.

Bell Atlantic and Iusacell plan to add to their cellular business a national wireless telephone network. While such a service would initially be limited to offering local calls, Iusacell and Bell Atlantic are expected to seek a licence to offer a long-distance telephone service in August 1996, when the Telmex's long-distance monopoly comes up for review.

Iusacell is controlled by Mr Carlos Peralta, a Mexican industrialist who will continue to run the company with operational and technical help from Bell Atlantic. Under Mexican law, foreigners can own up to 49 per cent of a cellular telephone company.

Bell Atlantic will immediately acquire 23 per cent of Iusacell, and another 19 per cent later. Iusacell will offer a further 10 per cent of its capital in an initial public offering, and will seek a listing on several stock markets.

The US company said the purchase would dilute its earnings by 18-20 cents a share next year, and it did not expect to break even from the deal for five years.

The transaction values Iusacell at between $40 and $44 per head in the area covered by its concessions, about one sixth of the multiple seen in the US. However, cellular penetration in Mexico is far lower than in the US, and while number of customers is growing fast, will remain so.

"On a per population basis Bell Atlantic is overpaying", said Mr Bill Deatherage, a telecommunications analysts at S.G. Warburg Securities "But it is placing a significant value on the nationwide wireless licence."

Mr Deatherage reckoned that, with new technology, Iusacell could provide local calls more cheaply than Telmex. It will target urban areas, where costs are lower.

The cellular market in Mexico has boomed since it was opened in 1989, partly thanks to the poor service offered by Telmex. While customers can wait months, even years, to acquire a telephone line from Telmex, it takes just an hour or so to buy a cellular line.

There are now about 380,000 cellular subscribers in Mexico, with Telcel accounting for about half the total. In each regional market, Telcel faces one other competitor. Iusacell is now likely to co-ordinate regional competitors, and may seek more stakes in regions where it is not covered.

Test for Salinas, Page 4

Reuter

Boris Yeltsin arrives in Tokyo for a three-day visit. He faced protests over Russia's occupation of four islands which Japan claims Page 18

Salaryman fights corporate Japan

By Robert Thomson in Tokyo

MR HARUO KAWAGUCHI is an *unlikely challenger to the might* of corporate Japan. A company man down to his blue suit, white shirt and nondescript tie, he is fighting for the right not to be selflessly loyal in a society that counts on it.

Mr Kawaguchi has taken his employer, Teikoku Hormone Manufacturing, to court to get compensation for a six-year separation from his family that was the consequence of a standard career move in Japan: a transfer from his Tokyo-based family to Nagoya.

Mr Kawaguchi, a 47-year-old middle-class administrative officer, has challenged the fairness of what is known as tanshin funin, in which husbands are routinely obliged to accept the solitary life of a distant transfer away from their family.

"I am becoming famous. You know they mentioned me on TV. The commentator said he sympathised with me," he said.

He has just lost the first round, but the case has touched a nerve in Japan because of a *widespread sense that the* traditional contract binding companies and workers for life is up for renegotiation.

Mr Kawaguchi was seeking compensation for the six years he lived away from his family, as his wife was unable to leave her job and he would have been in danger of dismissal had he refused the order to move. The court found he had "no justified reason" to refuse the transfer.

"I don't believe that work itself is the only thing in life. You have to enjoy life and share things with your family. The company told me I was selfish *when I first complained, but I* think companies are too strong in Japan. Life has many aspects: your family, the company and the community, and you can't only devote yourself to the company," said this polite rebel.

A survey of salaried workers of Mr Kawaguchi's kind by Meiji Mutual Life Insurance suggested 66.5 per cent believed a merit-based system of employment will take root in Japan, replacing the hierarchy that rewards time-serving and silent suffering.

Asked what they most wanted from their companies, 44.5 per cent of the 800 salaried workers *surveyed said* "work worth working for", while 42.6 per cent wanted employment that used their skills: 35 per cent said "working at my pace", which means allowing time for personal priorities. Only 17.1 per cent selected "higher salary".

But the Kawaguchi case suggests change will not come as quickly as the salarymen would like. The Tokyo district court ruled it is "not unfair" for a

Continued on Page 18

Eurotunnel confirms start date and need for $1.5bn

By Paul Taylor in London

EUROTUNNEL said yesterday it was on target to begin phased commercial operations of the Channel tunnel next March, but confirmed it would need to raise at least another £1bn ($1.5bn) by mid-May 1994, from its banks and shareholders.

The group has also been forced to reduce its initial revenue estimates because of service start-up delays and fierce price competition and surplus capacity on the Dover-Calais ferry routes. Eurotunnel's prices are due to be announced in January.

Shareholders will be asked to support a rights issue for at least half the additional funds, probably early next year after negotiations with Eurotunnel's 220 banks. Eurotunnel's share price fell by 6p to close at 488p.

Sir Alastair Morton, Eurotunnel's chief executive, said the new funding was mainly required to pay interest costs on the group's existing £7.28bn of debt. Although he said projected revenues are expected to cover operating costs by next August, it will be 1998 before the tunnel breaks even on a cash basis.

By that stage Eurotunnel estimates the total cash requirement for the project will have reached £10bn – £965m more than existing resources including the anticipated exercise in 1995 of warrants which will generate £230m.

Eurotunnel acknowledged the shortfall could be even higher "depending on a number of continuing uncertainties", including claims by contractors and talks with the banks that have been insisting on additional contingent requirements of almost £400m. Sir Alastair was confident this figure would be reduced.

Mr Gerald Corbett, chief financial officer, said Eurotunnel's total cash requirement, from establishment in 1986 to the start of commercial services in March 1994, will be £8.75bn compared with £8.4bn estimated in June.

He said the bulk of the increase reflected the signing of the "Protocol" agreement in late July with Transmanche Link, the Anglo-French contractors building the tunnel. Under the deal, Eurotunnel agreed to advance the contractors £235m pending settlement of the claims.

Sir Alastair said that following that agreement there had been a "significant improvement" in the relationship between Eurotunnel and TML and that work was on schedule for the start of heavy goods vehicle freight shuttle services on March 7. These will be followed by rail freight and tourist shuttle services ahead of the state opening on May 6, and the start of London-Paris Eurostar train services at the end of June.

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Serbs halt relief to siege enclaves

By Laura Silber in Pale, Bosnia

SERB fighters yesterday prevented UN relief convoys reaching up to 150,000 people trapped in two besieged Moslem enclaves in north Bosnia.

The inhabitants of Maglaj and Tesanj, northern Bosnia, issued an appeal, broadcast on Sarajevo radio, for the outside world to relieve their plight.

The appeal warned that the mostly Moslem population was barely surviving after "months without water or electricity lacking adequate supplies of food and medicine".

It criticised the "indifference" of the international community and called for the opening of land routes.

Overland convoys have been blocked by Serb and Croat forces vying for control of the region from the outgunned, mostly Moslem Bosnian army.

Emergency airdrops have been the only relief supplies to reach the towns, cut off for more than three months.

David White adds: Lt Gen Philippe Morillon, former commander of UN forces in Bosnia, yesterday put his weight behind calls for placing the country under provisional UN control.

"If the present leaders really don't succeed in finding a solution urgently and if they carry on being overtaken by their most extreme supporters – and it is a real problem – won't it be time to set up a provisional UN protectorate?" he asked in a speech to the Royal United Services Institute in London.

He recognised that this would be costly but warned that if a purely Moslem state were created in the middle of Bosnia the country might become a long-term source of tension comparable to the Middle East.

Islamic fundamentalism would be given a chance it never had before in the former Yugoslavia, he said.

The UN could try to "freeze" the present situation and prevent the three proposed states of a partitioned Bosnia from driving out minorities.

Government plans I£20bn spending in six years

Ireland invests to create jobs

By Tim Coone in Dublin

A SIX-YEAR plan for investment of I£20bn (£19bn), the largest and most ambitious in Ireland's history, was unveiled yesterday by Mr Albert Reynolds, the Irish prime minister.

The package aims to achieve an average 3.5 per cent annual growth rate in gross domestic product up to the end of the decade.

The government expects to create some 200,000 jobs as a result of the investment, although the net effect, allowing for job losses in declining sectors, may be only around 10,000-15,000 additional jobs a year. This is still a long way short of the number of young people entering the workforce each year – almost 70,000.

Funding for the plan will be partly from European Community structural and cohesion funds (I£8bn), matching exchequer funds of I£8bn and a further I£4bn expected to come from the private sector.

Public and private sector investment targeted under the 1994-99 National Development Plan will in effect be double that from 1989-93, with over 50 per cent earmarked for the priority sectors of industry, transport, training and energy.

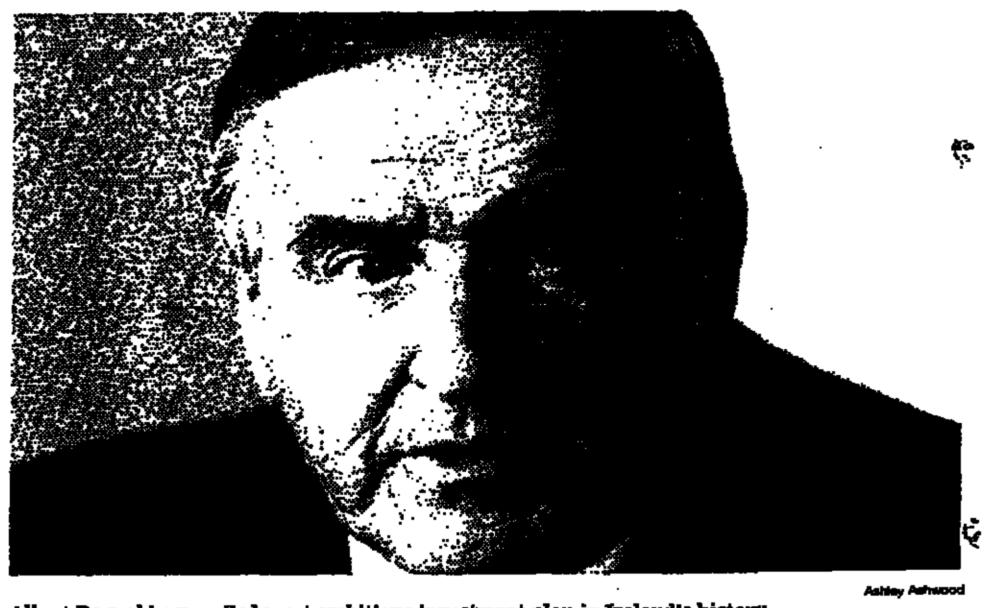
Private sector investment is expected to concentrate in the industrial sector, with indigenous industry to receive greater government support than in the past.

EC funds are to be channelled primarily towards training – with particular emphasis on the long-term unemployed – and upgrading of the road and rail network. Public sector investment, sourced from the exchequer and generated from within public sector enterprises, is to be weighted towards training, energy, telecommunications and development of small and medium enterprises.

A total of I£3.7bn is earmarked for industry, followed by I£3.1bn to be spent on training programmes. The plan notes that 75 per cent of the registered unemployed have no school qualifications and 40 per cent have not gone beyond primary school education.

I£1.1bn is to be spent on the primary road network, including completion of motorway links around the capital and improved access to Dublin port, while I£330m is to be spent on public transport, including I£200m for a light rail transit system to ease traffic congestion in Dublin.

I£1.2bn is targeted at local development intiatives, in particular small and medium-sized enterprises, while I£1.5bn is aimed at farming and forestry.



Ashley Ashwood

Albert Reynolds: unveiled most ambitious investment plan in Ireland's history

Italy rallies to Delors call to close EC ranks

By Robert Graham in Rome

THE Italian government has thrown its full weight behind the plans of Mr Jacques Delors, the European Commission president, for a political initiative to renew the impetus for closer European integration.

This emerged in Rome yesterday after talks between Mr Delors and Mr Carlo Azeglio Ciampi, the Italian prime minister.

Mr Delors said that without a political initiative or "at least a politico-economic" initiative the EC risked becoming little more than a free trade area "without a soul or common purpose".

Mr Ciampi told a joint news conference he was considering proposals to relaunch the EC via a declaration by the six original signatories to the 1958 Treaty of Rome. Spain, he said, would also be invited to participate since the González government had given a clear demonstration of his country's commitment to the European ideal.

It was unclear how far Mr Delors supported Mr Ciampi's idea. Mr Ciampi for his part has let it be known Italy is keen to play an active part at the forthcoming EC summit in Brussels.

The proposal to return to the core signatories of the Rome treaty, plus Spain, appears a formula whereby Italy reiterates its belief in the aims of the Maastricht treaty – even if it is unlikely to be able to satisfy the convergence criteria essential for monetary union. This shifts the emphasis away from a two-tier Community based on the ability to comply with convergence criteria and concentrates on those countries, like the UK, whose political support remain ambiguous.

Mr Ciampi is a convinced European and yesterday made clear he had no qualms about renouncing national sovereignty in moving closer towards closer European integration. Although the lira continues to float outside the exchange rate mechanism, he endorses monetary union and has frequently said the mistake had been to move too slowly towards this goal.

During his brief period in office he has sought to improve relations with Brussels and alter Italy's reputation as a partner that talks loudly of the European ideal yet fails to implement EC régulations.

● Mr Paolo Savona was under strong pressure last night to withdraw his decision to resign from the industry portfolio in the Ciampi government.

He announced his resignation on Sunday following a disagreement over privatisation policy. Yesterday Mr Ciampi appealed to him to change his mind. Mr Giorgio La Malfa, the former Republican Party leader who shares Mr Savona's views on privatisation, said he hoped the resignation would be withdrawn.

NORWEGIAN opposition to EC membership has risen to a record 60 per cent, up from 58 per cent registered just days ahead of last month's general election which propelled the staunchly anti-EC Centre party to main oppostion status, writes Karen Fossli in Oslo.

The poll, published yesterday in the daily Dagbladet, saw those in favour of membership slip to 28 per cent from 31 per cent last month.

Opposition to membership within the ranks of the governing Labour party rose to 36 per cent (28 per cent).

EC research funding in dispute

By Andrew Hill in Brussels

A MAJORITY of European Community member states yesterday rallied behind proposals to spend Ecu13.1bn (£10.1bn) on EC research and development programmes over the next five years.

But ministers from the EC's biggest paymasters – Germany, Britain and France – said they could not agree with the European Commission's proposal for funding of the 1994-98 "framework" programme.

All three believe Ecu13.1bn is too much. France is said to favour Ecu11bn or Ecu12bn over five years, while Britain and Germany have not yet put forward a figure.

The debate was expected to go on as research ministers tried to reach an initial consensus on the cost and content of the programme, which still has to be discussed by the European Parliament.

National officials said they expected ministerial discussions on the content of the framework programme to be even more difficult than agreement on the budget.

Yesterday's meeting in Luxembourg was the first in what could be a particularly gruelling series of ministerial meetings, parliamentary debates and consultations about the fourth framework programme.

The proposal requires unanimous approval of member states. If the European Parliament disagrees with ministers, the plan could also become subject to the new and complex conciliation procedure between council and Parliament, laid out in the Maastricht treaty. That could draw out the legislative process for more than a year.

● An EC compromise proposal could help speed agreement on a 50-nation east-west treaty aimed at encouraging energy investment in eastern Europe and the former Soviet Union.

Talks on the treaty, which will put the aims of the 1991 European energy charter into action, have reached "a decisive stage", according to organisers of the international negotiations, and agreement may be reached "early next year".

Reporting on last week's round of talks, Mr Charles Rutten, chairman of the energy charter conference, said a number of controversial issues such as transit rights and disputes settlement procedure had already been settled.

FDP opposes Kohl choice

By Judy Dempsey in Berlin

ATTEMPTS by Chancellor Helmut Kohl to secure full government backing for his controversial presidential candidate, Mr Steffen Heitmann, were thrown into disarray yesterday. The Free Democrats, junior partner in the coalition, backed another candidate.

Mr Klaus Kinkel, the German foreign minister and head of the FDP, said he would support Mrs Hildegard Hamm-Brücker, a 73-year-old political scientist, and former state secretary at the foreign ministry, in next May's presidential election to choose a successor to Mr Richard von Weizsäcker.

His announcement ends weeks of speculation and internal debate about whether the FDP should support Mr Heitmann, or Mr Johannes Rau, the opposition Social Democrats' candidate. It also means that Saxony's justice minister – and Mr Kohl's personal choice – could lose, or be forced into a second round of voting.

Mr Kinkel has opted for Mrs Hamm-Brücker largely because of the controversy surrounding Mr Heitmann, officials said yesterday. Last month, Mr Heitmann said in an interview that the Nazi era belonged to a period of German history which had closed following the end of the cold war. The World Jewish Congress has also urged opposition to his candidacy.

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NEWS: EUROPE

Yeltsin calls elections to both houses

By John Lloyd in Moscow

PRESIDENT Boris Yeltsin of Russia yesterday issued a decree to hold elections to both houses of the Federal Assembly on December 11 and 12, in a further attempt to squeeze opposition in the regions.

Mr Yeltsin had originally announced that only the lower house – the state duma – would be elected, with the upper house – the federation council –comprising heads of councils and heads of administrations of the regions and republics. However, the virtual suspension of the councils, and the sacking of a number of administrators who supported the parliament in the struggle between it and the president, had rendered the original plan obsolete.

Though details of the decree, signed before Mr Yeltsin left for Japan, were lacking, the official Tass news agency said two deputies would be elected to the Federal Assembly from each of the 88 regions and republics in Russia.

With this decree, the president has now largely completed a plan to hold a range of council elections in December. However, many believe the time is too short to hold elections fairly and successfully.

So far, the president has decreed elections to the state duma (450 seats, with an equal number elected from party lists and single-member constituencies), decreed elections to the Federal Assembly (166 seats), and recommended elections to the regional and republican councils. The functions of the councils have mainly been transferred under the control of presidentially-appointed administrators in the regions pending new elections. A commission is due to report on reform of the regional councils by Friday.

Mr Yeltsin ordered December elections to the federation council in an apparent attempt to curb power in the provinces. The regions, where conservatives occupy strong positions of influence, constitute perhaps the last seat of potential resistance to his emergency rule.

Japanese hostility, Page 4

Belarus finds breaking up is hard to do

Matthew Kaminski and Anthony Robinson report on a state which had independence thrust upon it

THE British government is giving a high profile welcome this week to Mr Piotr Krauchanka, foreign minister of Belarus, a state which had independence thrust upon it by the break-up of the Soviet Union.

The UK side will show appreciation for the Belarus decision to relinquish its inherited nuclear weapons and give assurances that London values the independence of the new state. But the Foreign Office will be wary of giving open support to Belarus in its competition with the Czech Republic for a seat on the UN Security Council.

Unlike the Baltic states, which were freed to return to their historical and cultural roots, Belarus never had an independent identity and faces an unclear future, with few resources and no natural borders or clearly defined reason for existence.

Until recently, oil and raw materials, imported mostly from Russia at subsidised prices, fueled heavy industry, which accounts for 56 per cent of national income. But trade links with the former Soviet states have been disrupted, leading to a 10 per cent drop in production and a trade deficit of 3.6 per cent of gross domestic product last year.

An unstable currency adds to the anxiety of the republic's 10.7m people. The Belarus payment coupon, printed last year to cover a shortage of Russian roubles, has lost 30 per cent of its value against the rouble and 120 per cent against the dollar since mid-summer. Inflation hit 32 per cent in July, and unofficially went above 40 per cent in August, mirroring the spiral in Ukraine, another economic basket-case beyond the southern border.

Until the break-up, Belarus vaunted the former Soviet Union's highest living standards and, even last year, GDP fell only a relatively modest 4.6 per cent. But a lack of monetary control, declining oil supplies from Russia and a breakdown in the inter-state payments system has contributed to 13 per cent decline in GDP since January.

Economic hardship has encouraged many of the republic's Soviet-era political leaders to try to re-establish closer links with Russia and the other former Soviet states.

On September 7, Belarus signed a currency union treaty with Russia and three central Asian republics. On September 24, it joined an economic union pact with nine republics. Under both arrangements, the government in Minsk would leave monetary, tax, trade and bank policy to Moscow.

Belarusian politicians across the country's monochromic spectrum openly hope that economic fidelity will salvage preferential trade treatment, including an estimated 50 per cent subsidy on Russian oil imports.

This would underline dependence on its eastern neighbour, which supplies 70 per cent of all imports, and take some of the urgency out of efforts to restructure its economy, particularly the industrial sector. But, with debts to Russia of around Rbs340bn for oil and Rbs100bn for natural gas, and an expected $500m-$1bn balance of payments deficit this year, the still largely unreformed economy offers little alternative.

Recent history, however, points against successful reintegration.

The Commonwealth of Independent States, headquartered in Minsk, the Belarus capital, failed to stem the drop in trade and Moscow seems increasingly unwilling – and unable – to foot the bill for a return to an expensive old-style union. The latest economic pacts still have to be approved by the respective legislatures.

Unlike the neighbouring Baltic states, Belarus has a weak base for nationalism, although Mr Zenon Pozniak, leader of the opposition nationalist Popular Front party, has tried to rekindle a sense of nationhood separate from Russia.

Unreconstructed Communists control the government and economic reform, stuck in the mud, has not yielded needed tax and bankruptcy laws. A voucher privatisation programme, passed by parliament this summer after 18 months of debate, is only due to start next July.

Prices are grudgingly being liberalised. On October 1, rent and hot water bills rose tenfold and three-fold, respectively, and were accompanied by an 85 per cent minimum wage rise. But higher energy prices last month only brought them up from 5 per cent to 20 per cent of cost.

Western advisers advocate setting up an independent currency but Belarus seems scared to take the plunge, largely because old hands at Gosekonplan, the central planning agency, hold more power than the weak national bank and finance ministry, the two centres of reformist effort.

A heavily militarised industrial base, and broad swathes of farmland heavily contaminated by the Chernobyl nuclear disaster of 1986, are the main legacies of the Soviet past which need correcting. Output at military plants was halved last year but conversion to civilian products lacks money and ideas.

Unlike Ukraine, Belarus has given up nuclear missiles on its territory, prompting praise but only $75.3m in aid from Washington – strengthening anti-reform and pro-Moscow tendencies in the government which argue that Belarus has surrendered its potential nuisance value and received little in exchange from the west.

Mr Vyacheslav Kebich, the conservative prime minister, leads efforts to forge a military union with Russia, over the objections of Mr Stanislav Shushkevich, parliamentary speaker and head of state.

However, Mr Shushkevich, a centrist, lacks a political base. A no-confidence motion, albeit lacking a quorum, gained an overwhelming majority in July. Parliament may try to topple him from office again this autumn, further frustrating reform.

Public discontent is rising. A recent survey showed 75 per cent of the people reporting a falling standard of living and only 1.5 per cent claiming an improvement.

Mass protest has never been a staple of Belarusian politics. But concern that economic hardship could push both Belarus and Ukraine back into a reconstituted Russian imperial structure have jump-started western aid, and aroused concern among long-term western planners.

The International Monetary Fund in July approved a $98m credit, the first tranche of a $193m systemic transformation facility, for unspecified use, and the World Bank is continuing negotiations on a $120m rehabilitation loan.

Russia hopeful on debt accord

By Leyla Boulton in Moscow

RUSSIA could conclude an agreement on its commerical debt in a few weeks, Mr Alexander Shokhin, deputy prime minister for foreign economic relations, said yesterday. It would then start making payments on debts to commercial banks which have been subjected to 90-day rollovers until now.

Moscow had set aside $500m (£331m) for London Club debt servicing this year, to be paid in three instalments of $166m, Mr Shokhin said.

Russia had failed to conclude a rescheduling agreement with western commercial banks in Frankfurt last week because of outstanding disagreements and the banks' desire to consult further among themselves.

One of the problems had been Russia's refusal to drop its "sovereign immunity". This would have given creditors unlimited claim over all state-owned assets, which were considerably greater in Russia than in other countries, he said. Russia was prepared only to grant a more limited government guarantee for debt repayments.

But Mr Shokhin claimed an agreement could have been signed in Frankfurt had it not been for a desire by the small steering committee of bankers, which conducted the negotiations, to consult the 600 banks they represent.

He also announced plans to begin dealing with the arrears owed to companies which had supplied goods to the Russian government. He invited them to form "creditor clubs" in each country, which would then negotiate on behalf of all suppliers with a special committee for managing Russia's foreign debts.

NEWS IN BRIEF

Satanic Verses translator shot

A NORWEGIAN publisher whose company translated The Satanic Verses by Mr Salman Rushdie, the British author, was shot and seriously wounded outside his home in Oslo yesterday, writes Karen Fossli in Oslo.

Mr William Nygaard was shot three times in the back by an unknown assailant.

Mr Nygaard was known in international literary circles for his staunch defence of Mr Rushdie's right to publish the novel.

Oslo police could not say whether an Islamic group was behind the attack. They were watching airports, border crossings and harbours.

French inflation gathers pace

French retail price inflation accelerated in September, as prices rose 0.4 per cent during the month, taking the annualised increase to 2.3 per cent, according to provisional figures from Insee, the statistics institute, writes Alice Rawsthorn in Paris.

The figures show a quickening of the recent trend. French consumer prices were virtually static over the summer, rising by 0.1 per cent in July and stabilising in August.

Denmark cuts interest rates

Denmark's central bank cut the official discount rate and one of its other key short-term interest rates from 8.25 per cent to 7.75 per cent yesterday, writes Hilary Barnes in Copenhagen.

It is the third discount rate cut since the kroner came under speculative pressure at the end of July, when the rate was increased by two full points to 9.25 per cent. The bank said that the latest cut reflected a return to calm on foreign exchanges.

Testing three months for Salinas

Mexico is nervous over Nafta, write Stephen Fidler and Damian Fraser

JUST over a year before he has to give up office, President Carlos Salinas of Mexico faces perhaps the most critical three months of his six-year presidency.

The fate of his grand project to tie Mexico's economy to that of the US through the North American Free Trade Agreement (Nafta) is to be decided by the US Congress before the end of the year; he has to choose the man who will in all probability succeed him; and he must revive an economy that ground to a halt in the middle of this year.

Nervousness in Mexico's government and business community is palpable. If the treaty is rejected, economic revival could be threatened and legitimate victory for Mr Salinas's candidate in next August's election less certain. Mr Salinas himself has raised the spectre of a backlash against the US, and reversal of the improvement in Mexico-US relations.

Mr Salinas's nightmare – that his presidency will be clouded by a final year of economic and political disarray – *looks unlikely to materialise*, but it is still a possibility.

The president says Nafta is important to Mexico, but denies he has overemphasised the treaty or that the country's economic future is over-dependent on it. *In an interview at* Los Pinos, the presidential residence, Mr Salinas said Nafta "will provide us with the opportunity to grow at a higher rate. You must understand that having 85m people in Mexico and adding almost 2m a year to the population makes economic growth not a goal but a necessity".

However, Nafta "was not the only thing" going on in Mexico. The president emphasised his government's economic and electoral reforms, advances in the educational and health systems, and improved trade relations with many parts of the world, which would continue whether Nafta was approved or not.

Even many of Mr Salinas' critics agree that his reforms have placed the country's economy on its soundest footing for decades. Inflation is down to single figures as the government has eschewed deficit financing. The imminent independence of the central bank should heighten the chances that this will continue. Interna*tional reserves are at record* levels, reducing the chances of a currency crisis if Nafta fails.

After several years of fiscal and monetary austerity, the government is finally pushing more money into the economy *to spur growth: under the* annual pact agreed this month with business and labour unions, the budget will move from surplus this year to balance next, and the minimum wage will be increased by more than 15 per cent.

However, officials are adamant that they will not push for growth at any cost, and if Nafta is *rejected they will not devalue* to try to kick start the economy. "For us, zero growth and no devaluation is better than 3 per cent growth at the cost of a devaluation," said a senior government aide. The government was prepared to accept higher interest rates that would almost inevitably follow a collapse of the trade treaty.

This attitude may be reinforced by the perception among senior officials that, despite low growth this year, the government and its policies remain relatively popular. The ruling Institutional Revolutionary party (PRI) won a landslide victory in the July gubernato*rial elections in the State of* Mexico – which it lost to the leftish alliance of Mr Cuauhtémoc Cárdenas in the 1988 presidential election.

Mr Cárdenas will again provide the main opposition to the *PRI in August's presidential* election and – while he has toned down his own anti-US rhetoric – could be expected to make political capital out of a failed treaty and slow growth. The collapse of Nafta might therefore make the campaign closer than it would otherwise be.

It is not yet clear who will be the PRI's candidate. The current front-runner is Mr Luis Donaldo Colosio, the social development minister. His critics argue that his views are a mystery and his intellect untested, but Mr Colosio is popular in the ruling party and close to the president, and has *built important alliances* within the government, including with Mr Salinas's powerful aide, Mr José Cordoba.

However, in the past, front-runners have ended up losing and although outsiders cannot be ruled out, Mr Manuel Camacho, the mayor of Mexico City, is the second favourite and Mr Pedro Aspe, the finance minister, the third. Mr Aspe's weakness is seen as his aristo*cratic demeanour and* even his supporters say he would make a better president than candidate. Mr Camacho is suspected of populist instincts and would probably very soon have to establish an alliance with *someone with good economic* credentials such as Mr Aspe.

The most striking thing though is not the differences between the men but their similarities – all are US-educated males in their 40s, who worked under *Mr Salinas* in the 1980s when the president was budget minister. Moreover, the alliances among senior politicians are such that whoever wins, the shape of the next cabinet is likely to be similar to the current one.

The choice of candidate is likely to be Mr Salinas's and only ostensibly the party's. The next president, Mr Salinas said, "has to be a person who *has very high political skills* and very solid technical formation. In the world of today no head of state can neglect the importance of understanding the economic forces working within society and certainly in international relations."

He also underlined his view that if the US Congress has not passed the Nafta treaty by January, he will regard it as dead, and that no renegotiation would be possible. In saying this, the president is clearly hoping to sway US congressmen who say they favour some kind of free trade agreement with Mexico, but not the one currently under consideration.

If the accord does fail, there will undoubtedly be ramifications: *relations* with the US will be hurt, interest rates will be higher and economic growth possibly slower than otherwise. One minister also worried out loud: "A lot of people in the bureaucracy are opposed to Nafta and I'm concerned that they will use the defeat of Nafta to hurt its supporters." While this suggests the near-term outlook for Mexico would be difficult, it does not portend a catastrophe.

President Salinas: successor must have 'high political skills'

Canadians warned on regional divide

By Bernard Simon in Toronto

A STRONG performance by Canada's two fast-growing regional parties in the October 25 general election could polarise the country and hasten its eventual fragementation, voters are being warned.

With two weeks to polling day, the popularity of the Bloc Québecois in Quebec and the Reform party in western Canada has become the main talking point of the election.

Mr Patrick Monahan, constitutional lawyer at Toronto's York University, wrote in a commentary in yesterday's Globe and Mail: "The election is shaping up as a fundamental watershed for the country, the domestic equivalent of the fall of the Berlin Wall in Europe."

According to the latest opin*ion polls*, the BQ has the support of over 40 per cent of voters in Quebec, while Reform has pulled ahead of all other parties in the western province of British Columbia. It also enjoys substantial support in the three prairie provinces of Alberta, Saskatchewan and Manitoba.

Backing for the BQ and Reform *has come largely* at the expense of the Conservatives, under Prime Minister Kim Campbell, who are now given only the longest odds to win a third successive term in office.

The Liberals are favoured to win the largest number of seats, but the regional parties' performance will largely determine whether the Liberals have enough seats to form a majority government. The bulk of Liberals MPs are likely to be from Ontario, heightening regional differences.

The left-leaning New Democratic party, which currently has 43 out of 295 seats in the House of Commons, is facing obliteration in the election.

Mr Jean Chrétien, Liberal leader, sounded a dire warning about the impact of strong BQ and Reform representation in the House of Commons: "If you have an English Canada on *one side and a completely* French Quebec on the other side, you end up with two nations and eventually two countries," he said.

The popularity of both groups largely reflects voters' disillusionment with the traditional parties. An unemployment rate of more than 11 per cent, the strains caused by a more competitive trading environment, and periodic reports of politicians' misdeeds in Ottawa have all contributed to a desire for radical change.

The BQ favours eventual sovereignty for Quebec, but it has drawn support even from non-separatists with its promise to put the interests of the francophone province first. The Reform party has a populist, right-wing platform which includes drastic cuts in government spending, an end to national bilingualism, and stricter immigration curbs.

Haitians hostile to US troops

By George Graham in Washington

US troops on a multinational peace mission to Haiti met hostility yesterday, adding to fears among US politicians that the troops could come under attack like the US force now engaged in Somalia.

The USS Harlan County, with about 200 US personnel on board, was blocked from docking and embassy personnel were turned away from the port by shouting protesters in *Port-au-Prince, Haiti's capital.*

"We don't want foreigners coming here and trying to *tell* us what to do!" one man shouted. US officials played down the incident.

The US troops are being sent as part of a plan sponsored by the United Nations and the Organisation of American States to restore to office President Jean-Bertrand Aristide, who was ousted by a military coup two years ago.

The US is playing a secondary role, supplying engineers to help build roads and clinics while leaving the task of training a new police force to *French-speaking countries.*

The US troops, who will eventually number around 700, are to be only lightly armed, but US officials say they will be able to defend themselves in an environment much less dangerous than Mogadishu.

Eli Lilly to cut 20% of workers

By Karen Zagor in New York

ELI LILLY, the US pharmaceuticals company, is cutting about 20 per cent of its worldwide workforce and shrinking its London headquarters in an effort to remain competitive in an increasingly hostile industry.

As much as 10 per cent, or 2,000 positions, are expected to disappear by mid-1994 through a combination of early retirement, attrition and selective hiring. Lilly hopes to eliminate a further 2,000 jobs by cutting use of temporary and contract workers and consultants.

The move marks the first big initiative by *Lilly's* new management. The company's former chief executive, Mr Vaughn Bryson, resigned in June after clashing with Lilly's board. Lilly's failure to produce new, big-selling drugs and *its disappointing* results contributed to the resignation. Mr Bryson was replaced by Mr Randall Tobias, former vice chairman of American Telephone & Telegraph.

Lilly plans to accelerate the *expansion of its European* pharmaceutical operations, but sharply to reduce the size of its London headquarters and Vienna regional office.

"These actions are the first in what we expect to be a series of decisions that will help us achieve stronger long-term growth by reducing our expenses, improving our efficiencies and expanding our capabilities," said Mr Tobias. "These are among many alternatives we're considering in light of our changing global markets and the economic realities of those markets."

Lilly has been hit by pressure to reduce drug prices. In addition, the Indianapolis-based company has been plagued by the absence of important new drugs.

As a result of its early-retirement programme and job cuts in Europe, Lilly *said it would* take special pre-tax charges against fourth-quarter earnings. The company predicted third quarter earnings of 98 cents to $1 a share. On Wall Street, Lilly's shares rose $2⅞ to $52⅞ *at mid-session.*

France wants Gatt to leave farm issues

By David Buchan in Paris, David Dodwell in London, and Nancy Dunne in Washington

FRANCE believes Gatt negotiators should aim to reach an interim trade accord this year, leaving difficult issues such as agriculture and audiovisual broadcasting to be resolved later, Mr Alain Juppé, foreign minister, said yesterday.

The call flies in the face of conviction among Gatt negotiators from the European Community, the US, and farm exporting countries that exclusion of farm trade, and a failure to meet the December 15 deadline for completion of the talks, would trigger a collapse of the Uruguay Round into trade war.

Mr Peter Sutherland, director general of Gatt, asked this weekend during a visit to Singapore whether agriculture could be hived off from the Uruguay Round negotiations, was blunt: "No," he said: "There are so many parties that would walk out of the agreement that it's not possible.

"As some would see it, a partial agreement of that kind would give a free ride to the developed world in areas of interest to them, but fail to demand some reciprocal movement in areas of importance to developing countries such as agriculture and textiles.

The French call for a "partial Gatt" is a switch of tactics for Paris, which has been insisting on a global deal with other countries making concessions in the 14 non-farm areas to balance out any sacrifices made by France in agriculture.

But it in no way constitutes an overall concession from France, which always wanted farm trade kept out of Gatt and still demands an exclusion for broadcasting.

The tactical change seems designed to avoid France being accused of obstructing all progress with its demands for a revision of last year's transatlantic farm deal.

A striking example of France's lack of a pro-Gatt lobby came in answer to a question posed last week by the Libération newspaper to 40 leading businessmen: "In the interest of its industry, would France be right to sign a Gatt deal even if it does not full satisfaction on agriculture?". Only four bothered to reply, and none in clear terms.

According to one Washington-based trade strategist, a good segment of the US trade community is so frustrated with the problems of the agriculture negotiations that it would like to take farm trade off the table: "But we've gone over the waterfall in a barrel," he said: "There is no backing up. Even if the US would agree to it, the Cairns group of farm exporters would not.

Alain Juppé: leave difficult issues to be resolved later

Japan finds car market hub

Thailand's demand is growing fast, says Victor Mallet

"THIS morning I gave money to support the government – 25m baht [£655,000]," says Mr Takuma Sato, president of Toyota Motor Thailand, during an interview at his office near Bangkok.

His public relations manager hurriedly intervenes to explain that the $1m donation to Mr Chuan Leekpai's government is for worthy projects to alleviate Bangkok's notorious traffic congestion, including the purchase of a helicopter and funding for research.

Mr Sato's casual remark, however, helps to illustrate the importance Japanese motor manufacturers attach to Thailand: as a developing market in which they account for 93 per cent of vehicle sales, and as a potential automotive industry hub.

Toyota has a 25 per cent share of vehicle sales in Thailand, and its biggest operation in south-east Asia: reducing traffic jams – Toyota is sponsoring a second symposium on the problem in November – is good for business.

Three years ago, Thailand was Toyota's seventh largest foreign market and last year its fourth; this year it will be third or second.

With the economy expanding at about 7 per cent a year, Thailand's middle class is growing fast. Last year vehicle sales rose by 35 per cent to 362,987 units; between January and August this year they rose a further 36 per cent over the same period in 1992.

Toyota predicts total industry sales of 440,000 to 450,000 in 1993, followed by more modest growth to bring the figure above 600,000 by the turn of the century.

Japanese corporations are not the only beneficiaries. Although nearly half of the vehicles sold in Thailand are still one-tonne Japanese pickups (dubbed "the national car" and often adapted for passengers as well as freight), the luxury car market, dominated by European manufacturers, has also expanded rapidly, especially since tariff barriers against the import of complete vehicles and kits were eased in 1991.

A total of 8,459 Mercedes Benz cars were sold in the first eight months of this year, more than double the number at the same time in 1992.

Suppliers to the industry have done well, too. The Thai affiliate of Bridgestone, the Japanese tyre company, is planning to build a second factory and treble production capacity to 30,000 tyres a day. Burmah Castrol of the UK, known for its lubricants, says Castrol Thailand already ranks in the top 10 Castrol companies worldwide and could soon become more profitable than Castrol UK.

Chrysler and GM of the US are both considering establishing assembly operations in Thailand. Toyota has earmarked Bt14.3bn for expansion in Thailand, and Mitsubishi and Isuzu also have plans to invest hundreds of millions of dollars.

"All [Japanese] manufacturers are now considering expansion in this country," says Mr Sato.

The idea is not merely to take advantage of the Thai market. Japanese vehicle and component manufacturers also want to achieve economies of scale in their regional and global production.

Thailand's modestly-priced workforce, relatively sophisticated industrial base and large collection of Japanese or Japanese-affiliated component makers all fit that description. The recent rise of the yen has further encouraged Japanese companies to shift production to Asia.

"In 1993, the Thai auto industry remains a predominantly domestic industry," says a report published this year by Thailand's Board of Investment. "But current political reforms and massive Japanese inward investment portend changes."

Toyota has made a start. A joint venture with the Siam Cement conglomerate produces diesel engines for one-tonne pickups which are exported to countries within the six-nation Association of South East Asian Nations (Asean), as well as to New Zealand and Portugal. Toyota Corolla body parts are stamped in Thailand and exported to the Philippines.

In all, Thai automotive component exports grew to $350m (£231.7m) in 1992 from $63m in 1987. But the protectionist policies of individual Asean countries are making it hard for Toyota and its rivals to produce parts in such volumes that they are cheaper than those made in Japan.

Mr Sato, however, believes that Thailand and other Asean countries will eventually export substantial numbers of cars and parts to each other, to Indochina, and even to Japan itself. "In the 21st century," he said, "maybe Asean will be the biggest [vehicle] market in the world, bigger than the USA."

Pirated music in sales of $2.1bn

By Michael Skapinker, Leisure Industries Correspondent

NEARLY 700m pirated music cassettes and 38m unauthorised compact discs were sold worldwide last year, according to figures to be released later this week by the International Federation of the Phonographic Industry.

Unauthorised sound recording sales had a retail value of $2.1bn (£1.4bn) in 1992, or 7 per cent of total sales. This compares with $1.43bn in 1991. The increase largely resulted from the federation obtaining more information about the level of piracy in China, Mexico and Poland, rather than from a substantial rise in unauthorised sales.

The federation said its figures probably understated piracy, however, as they did not include the former territories of the Soviet Union or the United Arab Emirates.

The biggest pirate music market last year was the US, where unauthorised recordings had a retail value of $463m. This is a reflection of the overall size of the US market rather than of a substantial level of piracy. Only 5 per cent of US sales were unauthorised.

Smaller markets with high proportions of unauthorised sales included El Salvador, where 86 per cent of units sold were pirate copies, Nicaragua (82 per cent), Peru (81 per cent), Kenya (74 per cent) and Ivory Coast (70 per cent).

PIRATE MUSIC SALES (BY VALUE)

Country	Pirate sales US$m	Pirate % of country's total sales
US	463.4	5
China	330.0	46
Mexico	250.0	30
Germany	121.0	4
Italy	105.1	14
Poland	102.3	61
South Korea	72.8	13
India	69.0	27
Thailand	64.8	29
Saudi Arabia	62.2	60

Source: IFPI

Bonn urged to promote exports more vigorously

By Quentin Peel in Bonn

MR Matthias Wissman, Germany's recently appointed transport minister, has called for a more aggressive government policy of trade promotion, in the wake of Siemens' failure to win a big contract for its ICE high-speed train in South Korea.

He flew to the US last week to support a promotion for the train, which is now running for three months on an Amtrak test track between Washington and New York.

He believes a significant factor in the loss of the $2.4bn Korean contract – which was won by the Anglo-French GEC-Alsthom consortium with the French TGV – was the lower level of German government support for the project.

Mr Wissman called for "aggressive supporting measures" to back up German industrial projects, particularly high technology projects such as the Intercity Express (ICE).

He said all government departments should be involved in working out joint marketing strategies with German industry, using all possible support measures in German embassies, trade missions, chambers of commerce and information offices, to promote high-profile German products.

The campaign would not involve direct subsidies to industry; nor should it include deals on export quotas or reciprocal trade accords, which would only result in trade distortion, he said.

Germany's failure to win the Korean railway contract was seen as a blow to German technological prowess, but the French were praised in Germany for a more effective marketing effort. This included visits to Seoul by senior French ministers, such as Mr Alain Juppé, the foreign minister, and the prospective visit by President François Mitterrand to coincide with signing the contract. The French embassy also had a special attaché dealing exclusively with railway matters.

Mr Wissman is determined that efforts to break into the US high-speed train market should not fail for want of official support. He flew to the opening in Washington of the first test run on the Amtrak line to New York.

Siemens, in partnership with General Motors, GEC Alsthom and Sweden's ABB are all competing for contracts with Amtrak, expected to be awarded next spring, for about 26 high-speed trains. A key part of the deal will be award of significant volumes of subcontracting to US suppliers.

OECD Export Credit Rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially-supported export credits for October 15 to November 14 (Sept 15 - Oct 14 in brackets)

D-Mark	6.78	(6.89)
Ecu	—	(7.33)
French franc	6.97	(7.10)
Guilder		
up to 5 years	6.65	(6.80)
5 to 8.5 years	6.85	(7.00)
more than 8.5 years	7.35	(7.50)
Italian lira	9.04	(9.37)
Yen	4.30	(4.60)
Peseta	9.91	(10.15)
Sterling	7.40	(7.42)
Swiss franc	5.50	(5.55)
US dollar for credits		
up to 5 years	5.17	(5.36)
5 to 8.5 years	5.73	(6.03)
more than 8.5 years	6.08	(6.35)

These rates are published monthly by the Financial Times, normally in the middle of the month.

A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

SDR-based rates of interest are the same for all currencies but must be used only for the OECD-defined poor countries.

The SDR-based rate was most recently changed on July 15 1993 to 6.85 per cent. It will again be subject to change on January 15 1994.

More held in Japan construction scandal

By William Dawkins in Tokyo

THREE senior executives of Japan's largest construction group, including the head of the construction industry association, were yesterday charged with bribery.

The charges bring to a climax a public investigation into allegations of widespread bribery of provincial government officials by the construction industry, until recently a big source of campaign cash for Japanese politicians.

The investigation has so far led to the arrests of 21 executives from Japan's top five construction groups, in the process hitting their profits and fuelling US complaints that the construction market is rigged against competition.

The Tokyo district prosecutors' office yesterday indicted Mr Teruzo Yoshino, chairman of Shimizu and head of the influential Japan Federation of Construction Contractors, over the alleged payment of a Y10m (£62,500) bribe to obtain public works contracts. Two fellow board members, Mr Hiroyuki Koyama and Mr Akikazu Matsumoto, were also charged with bribery. Mr Fujio Takeuchi, former Ibaraki prefectural governor, was charged with receiving bribes. Mr Takeuchi is already facing bribery charges in connection with another construction group, Hazama.

An irony of Mr Yoshino's indictment is that he was until his arrest leader of a campaign against bribery and bid-rigging in the construction industry.

The Shimizu executives were arrested last month on evidence believed to have been gathered from the papers of Mr Shin Kanemaru, the former political godfather of the Liberal Democratic party, who is now on trial for tax evasion on cash received from construction groups. Mr Kanemaru's downfall contributed to the LDP's recent election defeat.

While Shimizu is the biggest corporate target in the construction scandal, the national tax administration agency says its inquiries are widening. The agency has also asked local tax offices to investigate sub-contractors and suppliers suspected of concealing payments from construction groups.

The five companies implicated have been temporarily banned from bidding for some public works contracts, causing most of them to reduce profits forecasts for this year.

The psychological pressure on executives has been heavy, as was underlined when a Shimizu regional finance manager was taken to hospital on Sunday after apparently cutting his throat and wrists in a park outside the Tokyo prosecutors' office. Prosecutors had questioned him earlier.

Reuter

Chinese police march prisoners in front of Beijing's railway station yesterday. They were jailed for 3-10 years for ticket scams

Vietnam reforms praised by IMF

By Iain Simpson in Phnom Penh

VIETNAM'S market reforms are working well and the country is on track to catch up with its South-East Asian neighbours, according to the managing director of the International Monetary Fund, Mr Michel Camdessus.

Speaking at the end of his first day of an official visit to Vietnam, Mr Camdessus said the government had coped remarkably well since the collapse of its main supporter, the Soviet Union. He also told his hosts that the IMF would help Vietnam reschedule its $4.5bn (£3bn) debt in negotiations next month with the Paris Club of government creditors and with its former allies in Russia.

Mr Camdessus has long been an enthusiastic supporter of Vietnam's market reforms, which began in 1986, and has previously described the country as a model of economic transformation. His visit to Hanoi comes a week after the IMF announced a loan of $223m to Vietnam, its first new loan to the country for more than 10 years.

That became possible after President Bill Clinton said in July that his government would no longer block attempts to repay the Vietnamese debt to the IMF. A consortium of governments and banks, led by Japan and France, helped Vietnam to repay its $140m debt to the IMF. The World Bank and the Asian Development Bank have since followed the lead of the IMF, announcing project loans to Vietnam worth more than $500m. More projects, worth as much again, are expected to be submitted for approval by the end of the year.

Vietnam has implemented many market reforms since 1986, allowing farmers and other producers to sell their products at market prices, rather than selling them to the state at fixed prices. Hanoi has managed to bring the resulting inflation under control and boost exports.

Algeria executes 13 extremists

ALGERIA yesterday executed 13 Moslem fundamentalists, the largest number to go before the firing squad in 20 months of violence, Reuter reports from Algiers.

The executions, announced by the Justice Ministry, signalled a continuing crackdown despite efforts to find a political consensus before the end of the year.

"The execution of these criminals reaffirms the will and determination of the state to protect lives and property and ensure stability and social peace," the ministry said.

Announcing the executions in a statement carried by the official news agency APS, the Ministry said six other condemned men had been reprieved. After the rejection of court appeals, condemned men may be reprieved only by the head of state, Mr Ali Kafi. Earlier this year, he commuted eight death penalties to life imprisonment but allowed three batches of executions to go ahead.

Violence erupted in January after the army-backed authorities cancelled a general election in which the now-outlawed Islamic Salvation Front (FIS) had taken a huge first-round lead. The then president, Mr Chadli Benjedid, quit in what diplomats termed a bloodless coup. A five-man presidency took over, promising to return the country to a state of law, ensure the safety of its 26m people, and stand down by the end of this year.

The FIS was later banned and its hardline wing is frequently blamed for ambushes in which members of the security forces, their relatives, intellectuals, politicians and journalists have been murdered. In response, special courts, in the capital and two of the country's biggest cities, were set up late last year with tough powers to combat killings, sabotage and "terrorism".

Thieves on rice rampage

By William Dawkins

RICE thieves are on the rampage in Japan, attracted by the high prices created by the worst harvest since the war, according to the the national police agency.

Thefts of the staple are increasing throughout Japan, traditionally known for an absence of petty crime beneath the big financial corruption scandals of the past few years.

The agency said rice worth Y34m (£212,000) had been stolen in 208 incidents in the first nine months of the year, almost the same as for the whole of 1992. Police expect the number of thefts to rise as the harvest progresses from southern to northern regions. Police are worried by the spread in rice-stealing from criminals to ordinary workers, which they take to be a mark of the seriousness of the recession.

China lets off a blast of pique

By Tony Walker in Beijing

WHEN China detonated a nuclear device underground at its Lop Nor test site last week, it seemed more like a riposte to a world that had not been all that kind to it recently than a blast in the interests of national defence.

In Beijing, where the mood is decidedly less buoyant than before China's crushing disappointment over its loss of the Olympics to Sydney, it is possible to detect a sourness towards the outside world: although Chinese officials are careful to avoid suggestions they have been bad losers.

The harder edge to Chinese policy statements was apparent in an address by Premier Li Peng on the eve of the October 1 anniversary of the founding of the People's Republic. "We are firmly opposed to all acts of interference in China's internal affairs and acts of violating China's sovereignty and will absolutely not accept them," Mr Li said.

While they might not say so publicly, there is no doubt officials apportion a good deal of blame to human rights campaigners in the west for the Olympics loss.

Beijing is finding that constructive engagement with the outside world is not a simple thing, and brings with it pressures that could be ignored, or at least shrugged off, in the past. Now, it is not so easy, if China wants to continue to reap the benefits of its increasing interdependence with the world economy.

The nuclear test in many ways encapsulates the problem, with Chinese officials claiming Beijing was being subjected to "double standards" by an international community whose mission was to keep China weak. The US, as officials point out, has conducted 25 times the number of China's nuclear tests.

"The Chinese Government has always exercised utmost restraint on nuclear testing and the number of nuclear tests it has conducted is extremely limited," an official statement said. Chinese officials also charge that the west has a vested interested in applying a moratorium on nuclear testing, since this would preserve its advantage in the nuclear arms race.

China exhibits similar irritation when an issue is made of its weapons sales, arguing its involvement in the arms business is dwarfed by that of the US as the world's biggest supplier of weapons. This was the theme of Beijing's reaction in August to Washington's announcement that it was imposing sanctions on the export of high-technology items in protest at Chinese missile sales to Pakistan.

"The US", a Chinese official charged, "has poured large amounts of advanced weapons into the region sensitive to China, threatening its security, and made groundless accusations against it."

Western officials in Beijing have been monitoring carefully Chinese actions in the wake of the Olympics vote for signs of a hardening of attitudes. Indications that Beijing may again be stiffening its campaign against Governor Chris Patten's proposals for extending democracy in Hong Kong before China's 1997 takeover are being cited as evidence of Olympic fallout.

Publication on the front pages of Chinese newspapers the day after the Olympics vote of an 11-year-old directive from Deng Xiaoping, China's paramount leader, threatening to seize Hong Kong before 1997 if circumstances deteriorated there, is seen as one of the more conspicuous examples of Chinese pique.

Domestically, a wave of executions of criminals and the sentencing to death of officials convicted of so-called economic crimes are also being portrayed as a sign of a more uncompromising leadership. But what is almost certainly true is that China's feelings have been bruised, and its responses to real or imagined slights by the international community are likely to be sharper in the months ahead.

ANC leader Nelson Mandela speaking at a school named after him in the British city of Birmingham yesterday Reuter

Mandela sees tax breaks for foreign groups

By Tim Burt

MR Nelson Mandela, African National Congress president, yesterday held out the prospect of tax breaks for foreign companies investing in South Africa.

Mr Mandela, on a four-day visit to Britain, said an ANC-led government would offer fiscal incentives to persuade investors to set up plants and joint-venture companies in deprived areas of South Africa. Addressing business leaders in Birmingham, ahead of a conference on the South African economy in London today, he highlighted the northern Cape and black homelands such as Transkei as areas where international companies should launch subsidiary operations.

"There will be tax incentives for the next five years and other strategies to ensure we spread the benefits of investment to the poorest areas," he said.

Mr Mandela said the incentives, part of an investment code drawn up by the ANC, did not involve an obligation on companies to invest only in areas of high unemployment and social deprivation.

They would form the centrepiece of an appeal to foreign investors to help equalise economic disparities between black and white communities.

The investment code also guaranteed that overseas companies could repatriate profits and dividends on earnings made in South Africa.

Acknowledging that the ANC's commitment to nationalisation could prove a disincentive to overseas investors, Mr Mandela said the emphasis on state ownership had been diluted by the party's policy makers.

But he warned large-scale state intervention was unavoidable to overcome structural problems in the South African economy. Areas the ANC plans to address include "the 98 per cent of industrial property controlled by whites and the 86 per cent of shares on the Johannesburg stock exchange held by just five corporations".

In London today, Mr Mandela is expected to reaffirm his appeal for economic aid during meetings with Mr John Major, UK premier, and the Confederation of British Industry.

He will address the CBI along with Mr Derek Keys, South African trade minister, and Mr Richard Needham, Mr Keys' British counterpart.

S Africa open for business

A successful transition depends on the economy, writes Philip Gawith

SOUTH Africa is trying to complete a reversal in its economic fortunes that has gathered momentum with the African National Congress's call for the final lifting of economic sanctions and a new convergence between the ANC and the government on economic policy.

The next step is the wooing of foreign investors, with the country needing foreign investment "more than ever before", according to Dr Chris Stals, governor of the Reserve Bank.

Mr Derek Keys, the finance minister, with ANC president, Mr Nelson Mandela, at his side, will do his best to drum up investment at a Confederation of British Industry (CBI) conference in London today.

The urgency has come with a realisation that a successful political transition is going to depend on improving the dismal growth performance of recent years.

The key issue is jobs. In its annual report the South African Reserve Bank estimates that the portion of the workforce unemployed, or involved in the informal sector of the economy, rose to 46 per cent in 1992, from 39 per cent in 1988. While some argue that including those in the informal sector overstates the problem, none dispute that it is a serious problem that fuels the high levels of violence in the country.

SOUTH AFRICA: AN ECONOMY THAT IS FOCUSING MINDS

	1990	1991	1992
GDP growth	–0.5	–0.4	–2.1
Inflation	14.4	15.3	13.9
Budget deficit as % of GDP*	0.6	2.5	4.2

*For fiscal year ending March 31
Source: Department of Finance

Although a better agricultural season, a weaker rand and the mid-year flurry in the gold price should help the economy reverse three years of negative growth in 1993, there is widespread agreement that the economy needs to be fundamentally restructured if it is to achieve sustainable growth.

This will involve investing more and spending less, restoring investment as a percentage of GDP to something closer to 25 per cent than the low of 15.9 per cent reached in 1992. It will also require a substantially improved export performance.

In the first flush of the post-sanctions era, the air has been positively thick with goodwill. As Mr Trevor Manuel, the ANC's economics spokesman, told a New York audience last month: "It feels good that we can stand here and present South Africa as part of the civilised world again."

Back at home, though, the going has been rougher for Mr Keys and his colleagues. Economic policy is not the war zone it once was, but there have been scuffles, notably over the distribution of cellular telephone licences, and a rise in petrol prices. In both cases problems arose because the ANC and its trade union allies felt they had not been adequately consulted, rather than because they disagreed with the policies themselves.

Indeed, the ANC has now turned to soliciting the foreign investor with fervour. In a series of appearances in the US last month, both Mr Mandela and Mr Manuel went out of their way to persuade investors that not only would they be "very, very welcome" (Manuel) in South Africa, but they wouldn't have to fear "radical policies" (Mandela).

As Mr Keys explained to an investor conference in Washington, the "best move" that South Africa's policymakers can make is to equip a government of national unity, which South Africa will have after next April's elections, with a "credible and attractive" economic policy.

He believes South Africa's chances of achieving this are "very good" and cites four recent events as constituting important steps towards this goal. They are the renegotiation of foreign debt repayments; the revised tariff reduction offer to Gatt in terms of the Uruguay Round of global trade talks; the negotiation of an \$850m (£563m) loan from the IMF, and agreement on how South Africa will work with the World Bank.

"I can't think of four events that will have a greater effect on our economic future" says Mr Keys. Certainly, finalising the debt agreement, and renewing ties with the IMF - South Africa last accessed IMF facilities in 1982 - immeasurably improve the country's creditworthiness.

The Gatt offer is also crucial to South Africa's hopes of improving economic growth. To do so, it must boost exports. This, in turn, requires Most Favoured Nation treatment in terms of Gatt, and hence requires playing by Gatt rules. Because South Africa lacks any special trade access agreements, it stands to suffer more than most if the Uruguay Round is not completed.

Egypt leads call for OAU Somali summit

By Mark Nicholson in Cairo

THE United Nations and Egypt, which holds the chair of the Organisation of African Unity, have called for a summit meeting of African leaders next week in an attempt to set in train an "African solution" for Somalia.

Arab diplomats in Cairo said President Hosni Mubarak, the Egyptian leader, would chair the meeting in Addis Ababa on October 20, which would be attended by Mr Meles Zenawi and Mr Isayas Afewerki, the presidents of Ethiopia and Eritrea. Mr Boutros Boutros Ghali, the Egyptian-born UN secretary general who arrives in Cairo this week, is also likely to attend the talks.

The Addis summit and a flurry of other Somali-related diplomatic moves in Cairo this week followed US promptings for Egypt, one of its firmest allies in the region, to lead the regional response to the country's plight. Both President Bill Clinton and Mr Warren Christopher, the US secretary of state, have directly appealed in the past few days for an "African solution" to Somalia. The Egyptian Foreign Ministry has been anxious for some time to demonstrate to the US that it can play a regional role far beyond being a privileged interlocutor in the Arab-Israeli peace process.

It was unclear yesterday whether invitations to the Addis Ababa talks would also be extended to the various Somali factions. Arab diplomats said, however, that the meeting would aim to determine the structure and composition of a further series of national reconciliation negotiations, likely to be held in Ethiopia by mid-November.

Mr Boutros Ghali is set to arrive in Cairo on Thursday to meet Mr Mubarak and discuss the proposed negotiations. He will also meet senior representatives of the OAU, the Arab League and the Islamic Conference Organisation. Mr James Jonah, the UN special envoy, last night met last night Mr Amr Moussa, the Egyptian foreign minister, in preparation for Thursday's meeting.

India in move to spur bank lending

INDIA'S central bank, announcing its credit policy for the next six months, yesterday trimmed the reserve requirements of commercial banks to encourage lending and support an industrial revival, Reuter reports from Bombay.

The Reserve Bank of India (RBI) said that cutting the statutory liquidity ratio of the banks by 2.5 percentage points to 34.75 per cent would inject an extra Rs41.5bn (£879m) of lendable resources into the financial system.

The bank left the minimum lending rate of the commercial banks unchanged at 15 per cent.

The bank cut the minimum lending rate by one percentage point last month, the fourth cut in the past 12 months, in an attempt to support India's economic liberalisation programme.

Bankers had believed it would be difficult for the bank to cut the minimum lending rate further while inflation remained on the rise and the government's fiscal deficit exceeded the target of 5.7 per cent of gross domestic product.

Private bank opens in Tanzania

THE first private-sector commercial bank opened yesterday in Tanzania, Leslie Crawford reports from Nairobi.

The opening ends nearly three decades of state banking monopoly in this east African nation.

Meridien Biao is the first of two commercial banks to set up business in the city of Dar-es-Salaam.

Standard Chartered bank will have its official opening next month.

The launch of competitive banking forms part of President Hassan Mwinyi's efforts to liberalise the former socialist economy.

Mr Mwinyi, who has ruled Tanzania since Mr Julius Nyerere's retirement in 1985, has also introduced central-bank dollar auctions with the aim of eventually liberalising foreign exchange controls.

Meridien Biao representatives said they had decided to open a branch in Tanzania after assessing the growth in business between Tanzania, Zambia and Malawi, which followed on the establishment of the giant Tanzania-Zambia Railway Authority.

NEWS: UK

Biggest trade gap for two years between Britain and EC countries

Deficit grows as recession hits exports

By Emma Tucker, Economics Staff

BRITAIN'S TRADE deficit has gradually worsened since the beginning of the year, with the recession in continental Europe hitting exports hard.

The value of exports to the EC in July was £4.85bn, the lowest monthly figure for 18 months, and sharply lower than the June figure. Imports from the EC were £5.7bn in July leaving a monthly deficit of £848m, the biggest EC trade gap for two years.

Figures from the UK government's Central Statistical Office – including figures for trade with the European Community – show that in the first seven months of the year, the deficit on visible trade was £8.7bn. This compares with £7bn for the same period last year.

The deficit on trade with countries outside the EC in July was £698m. The total deficit was £1.54bn, the largest total for seven months.

The CSO stressed that the figures for EC trade were provisional and were likely to be revised as the new system for measuring intra-EC trade settled down.

However, the provisional figures indicate that sterling's devaluation in September last year has not been sufficient to offset the depressing effects of recession in the EC with which the UK does more than half of its external trade.

Because of the poor performance in Europe, the value of total exports in the latest three months was 2 per cent lower than in the previous three months. Imports over the same period were little changed.

To non-EC countries, exports on the same basis were up 2.5 per cent, compared with a 0.5 per cent rise in imports.

THE SMALLEST proportion of UK graduates for 20 years had found employment by the end of last year, government figures indicate today.

Of those students whose destination was known, only 51 per cent (44.7 per cent of the total) had entered some form of employment by the end of 1992.

Total UK graduate unemployment at the end of last year was 12.9 per cent – up from 11.5 per cent in 1990-91 and 5.5 per cent in 1988-89. More women (33,255) found jobs than men (32,881), although they accounted for 47.8 per cent of graduates.

At the so-called "old" universities, graduate unemployment ran at 10.6 per cent, double the rate of 1988.

The figures also showed that exporters are raising their prices more rapidly than importers. In the three months to July, exporters' prices increased by 1 per cent, compared with the previous three months, while importers dropped their prices by 1.5 per cent over the same period.

Meanwhile, the widely-promoted view that inflation in the UK is "dead" was undermined yesterday by figures showing that manufacturers are gradually raising their prices, in spite of the subdued costs of raw materials.

Underlying producer price inflation has been creeping steadily higher since April, and is now rising at its fastest rate for 2½ years, CSO figures show.

Prices of manufactured goods at factory gates, excluding volatile elements of food, drink, tobacco and petrol, rose 3 per cent in the year to September, compared with 2.7 per cent in the year to August.

EC aid sought for southern England

By Chris Tighe

PARTS OF LONDON and southern England have been selected for the first time by the UK government as places which ought to be eligible for European grant aid.

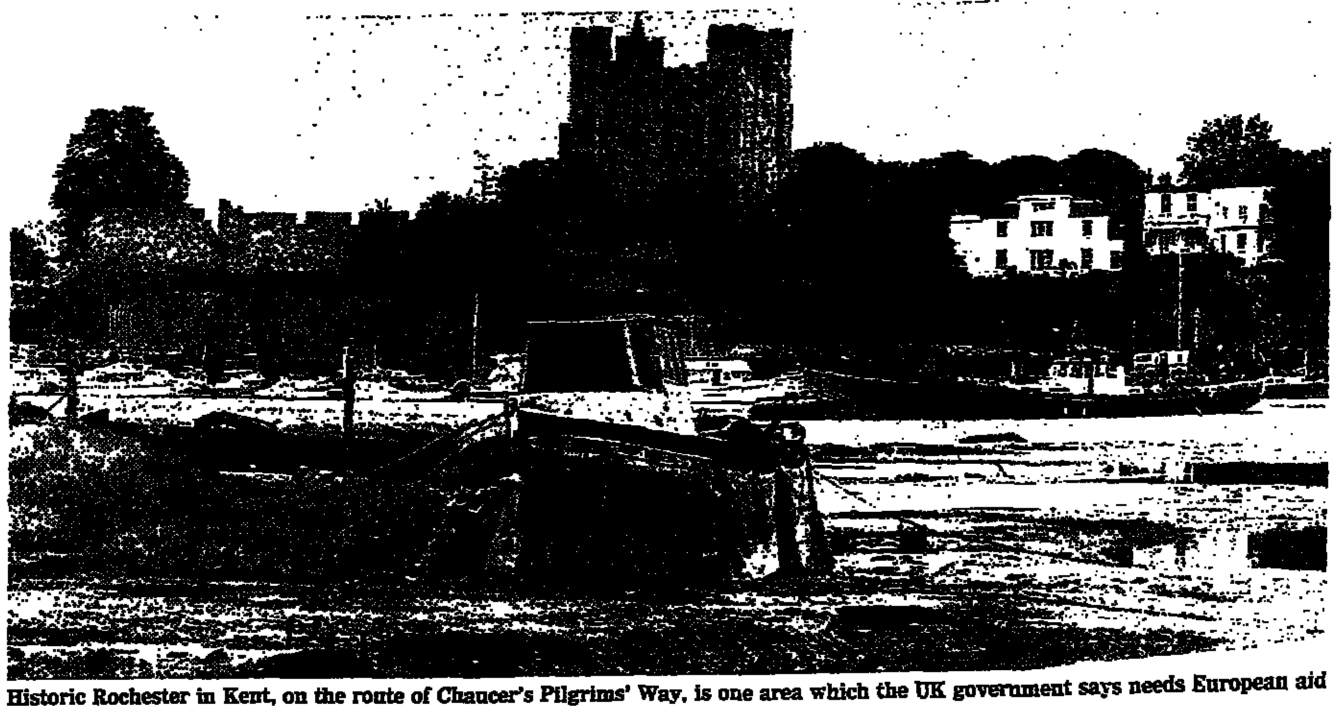
Islington, Tower Hamlets, Newham and Hackney and parts of other London boroughs, along with areas of Kent, Essex and Sussex and parts of cities including Portsmouth, Plymouth and Bristol, have been included on the list of places for which the government is seeking designation on the European Structural Funds map.

Gibraltar, which like Bristol and Plymouth is suffering defence-related cuts, is also included.

The government also wants the European Commission to make available aid to many rural parts of Britain including parts of Norfolk and Cambridgeshire, the Peak District and the Yorkshire Moors and Dales.

The European Commission is currently reviewing which areas of the Community should be designated Objective 2, the category covering industrial and urban areas, and Objective 5, which applies to rural areas. The new map is to take effect from January.

The Department of Trade and Industry yesterday published the list, submitted last week to the EC, of places it wants to be on the new map.



Historic Rochester in Kent, on the route of Chaucer's Pilgrims' Way, is one area which the UK government says needs European aid

Under the map to be replaced, Objective 2 covered 35.6 per cent of the British population, and Objective 5b, 2.7 per cent. The DTI submission, if approved, would raise these to 41.2 per cent and 4.9 per cent respectively.

However, EC regional policy commissioner Mr Bruce Millan has said the new map should cover, overall, not more than 16 per cent of the EC's population.

Even before last week's DTI's submission, the proposals already received by the EC would, if approved, boost the map's coverage to 22 per cent.

This has raised concerns that inclusion of parts of southern England could hinder the traditional industrial areas which the government also named in its submission.

Yesterday, areas of Britain which had not previously benefitted from the substantial grant aid designation can unlock expressed delight at being included in the submission.

"We're very pleased with this; we were bitterly disappointed earlier this year when we didn't get assisted area status from the government," said a spokesman for Tower Hamlets, the inner London borough.

"In some areas of the borough unemployment is running at 30 per cent," he said.

The EC has allocated a total of £10,700m for Objective 2 grants between 1994 and 1999, and £4.175m for Objective 5b. The grants cover up to 50 per cent of the cost of economic and social regeneration projects.

ITV urges football review

By Raymond Snoddy

THE ITV ASSOCIATION has lodged a formal complaint with the European Commission against a rule that allows the football associations of Europe to ban the televising of games at short notice. Broadcasters in Switzerland, Ireland, Germany and Spain are also opposing the rule.

The latest version of the rule adopted by Uefa, the Union of European Football Associations, would prevent ITV broadcasting The Match, which shows live First Division games on Sundays.

In order to protect attendances at live football matches UEFA is trying to impose a ban on live televised games between 12 noon to 4pm (UK time) during weekend afternoons.

This would prevent ITV screening The Match because kick-off times are usually 3pm. ITV executives believe that British Sky Broadcasting (in which Pearson, owners of the FT, has a stake) could avoid the ban because its coverage usually starts at 4pm.

Mr Andrew Quinn, chief executive of the ITV Association, which represents the ITV companies, has written to Mr Karel Van Miert, EC Commissioner for competition policy, arguing that the UEFA rule is contrary to the Treaty of Rome.

Britain's broadcasters face particular difficulties over the rule because there are four separate football associations in the UK covering England, Scotland, Wales and Northern Ireland.

ITV wants the Commission to declare UEFA Article 14 unilaterally inapplicable and unlawful under Community law. They believe it has an adverse effect on broadcasters throughout Europe and on the sport itself.

Despite an increasing number of live matches appearing on television screens, ITV argues, football attendances are rising in countries such as England, Germany and Holland and static in Scotland.

Spurs face action over 'unpaid fees'

By John Mason

BROWN SHIPLEY, the merchant bankers, yesterday began High Court proceedings to force Tottenham Hotspur football club to pay more than £408,000 in allegedly unpaid fees earned whilst acting as its financial advisers.

The bankers took over acting as the club's advisers in September 1990 after the resignation of BZW, the court heard. At the time, the club was in disarray. It owed the Midland Bank £11m and Mr Robert Maxwell, the former publisher, was planning to buy a 25 per cent stake in the club. The club's shares were also suspended following suggestions of concealment and secret profits, the court was told.

Brown Shipley ceased acting for the club in August 1991 when Mr Alan Sugar and Mr Terry Venables took over management. The club paid Brown Shipley a £25,000 retainer, claiming its agreement with the bankers meant that further payments would be as success-fees for transactions which never took place.

Westland in parts deal for Lockheed

By David White, Defence Correspondent

WESTLAND, the British helicopter manufacturer, has received a significant boost to its non-helicopter business with a £250m order to supply parts for C-130 Hercules transport aircraft, made by Lockheed of the US.

The deal to supply nacelles to house the aircraft's four turboprop engines could eventually be worth £1bn. The initial contract, starting in 1995, covers the next 180 Hercules sold by Lockheed. Westinghouse will become the sole source of nacelles for the the C-130H variant, now in production, and the new C-130J, which Lockheed is hoping to sell to the UK and other countries as a replacement for their existing Hercules fleets.

Westland said sales of 700 were expected for the new model.In addition, the deal covers product support and upgrade business for earlier Hercules variants, involving up to 1,400 aircraft. The contract was won by Westland's aerospace division, based at Cowes in the Isle of Wight.

Westland said it would help to offset the impact of recession in the civil aircraft market but was not expected to lead to extra jobs. Although design and assembly would be at Cowes, much of the work would be contracted out.

The C-130 Hercules, first introduced in the 1950s, has held its place as the standard workhorse for most Nato air forces. More than 2,000 are in service with 65 countries worldwide.

"It is arguably the most successful military aircraft that there is," Westland said. The new version is a front-runner to replace the RAF's current hercules fleet, on which a decision is due next year. However, British Aerospace is campaigning for the UK to commit itself with six other European nations in a new joint aircraft programme known as Euroflag, seen as a military counterpart to the Airbus.

Japan bank may back airport link

By John Willman, Public Policy Editor

THE UK could be the first G7 country to benefit from a new drive by Japan to recycle some of its massive trade surplus into public works in industrialised countries.

Half the finance for the £300m high-speed Heathrow Express rail link could be provided by a state-owned Japanese bank that specialises in providing loans to developing countries.

The British Airports Authority, the privatised operator of London's Heathrow airport, yesterday confirmed that a long-term loan from the Export-Import Bank of Japan was one option under consideration for financing the 17-mile rail link into Paddington station, west London.

"We have not yet chosen a bank or decided whether to raise the finance through debt or bonds," the authority said. "We are still talking to a number of banks around the world which are interested."

However, the authority denied reports in the Japanese business daily Nihon Keizai Shimbun that the bank has offered a low-interest loan for the project. "Any loan would be at market rates," the authority said.

Japan hopes the decision to finance public works projects in industrial nations will boost the flow of long-term capital and highlight Japan's efforts to slash its current account surplus, the newspaper said. This is a fresh development in Japan's six-year-old strategy of recycling part of its capital surplus in development and aid.

Last month, the bank signed its first deal in a European Community country when it guaranteed a £49m private sector loan to modernise Greece's railways.

"We are interested in doing something to revitalise the world economy," said Mr Yoshisiko Morita, Exim bank's London representative. "Our purpose is to co-operate with industrial countries if there is a project that will contribute towards that aim."

The bank was looking at several similar projects in Europe, he said. As a government-backed bank, it could raise funds on the market at favourable rates.

BAA has put £50m into the Heathrow Express, which is due to be completed by the end of 1997. It intends to raise the balance of the cost through a mixture of short-term and long-term loans.

Clowes blacklist names Touche

By Richard Lapper

TOUCHE ROSS, one of Britain's "big six" accountancy firms, yesterday downplayed the impact of UK government advice blacklisting some of its senior employees from working on contracts obtained from the public sector.

The Treasury is understood to have circulated the advice in letters to senior civil servants earlier this year, following its decision in November 1992 to sue the firm over its role in the collapse of Barlow Clowes, the fund management company.

Among the 13 employees affected are Mr John Connolly, the managing partner of the firm's London office.

Five of Touche's 370 partners are also affected. All are either tax or audit specialists, most of whom worked on audits connected with Barlow Clowes, which was closed by the Department of Trade and Industry in 1988.

Touche Ross yesterday said it hoped to continue its public sector practice, which has been built up over recent years.

"We are proud to be a major supplier of consulting and other advisotry services to government.

"We have every expectation that we will continue to selected on our merits to serve a wide variety of government departments," said Mr John Roques, senior partner.

The firm earned £58.3m from its consultancy services in the last financial year, with possibly more than half of which was generated from public sector contracts. Among the firm's existing government contracts is work for the BBC reviewing the license fee.

Touche Ross has claimed it alerted the authorities to the fraud at Barlow Clowes and that it has acted professionally.

It said last November that the major responsibility lay with the DTI.

Stamp of authority is elementary for Holmes

SHERLOCK HOLMES, the great Victorian detective, lives on in the hearts of millions who have followed his adventures in print and the thousands who visit his former abode, 221b Baker Street in London, every year.

But Sir Arthur Conan Doyle's fictional character almost ended his days 100 years ago after a mountaintop battle at the Reichenbach Falls in Switzerland with his arch-foe Moriarty in The Final Problem.

Conan Doyle underestimated the strength of public affection for his hero, however, and 10 years later Holmes was resurrected in The Adventure of the Empty House.

To mark the centenary of The Final Problem, the Royal Mail has issued five new first-class stamps. One illustrates a scene from the story (right), while other tales featured are The Reigate Squires, The Hound of the Baskervilles, The Six Napoleons and The Greek Interpreter.

Beginning with A Study in Scarlet in 1887, the Holmes character featured in 56 Conan Doyle short stories and four novels.

In none of them, however, does he actually say to his trusty assistant "elementary, my dear Watson."

European Radio 4 fans hear victory

By Raymond Snoddy

THE BBC GOVERNORS last night gave the go-ahead for the launch of a combined news and sports radio on Radio 5 beginning next April.

The decision marks a final climbdown by the BBC board of management and governors who wanted to launch a 24-hours-a-day news service on the longwave frequency currently used by Radio 4.

The BBC gave way to a concerted campaign against restricting Radio 4 to FM frequencies in order to clear the longwave frequencies for the proposed news service.

There was opposition in the UK from listeners who could not get good FM reception or any at all. There was even more vociferous opposition from those who listened to Radio 4 in continental Europe on longwave only. Last night the Northern Europe Save Radio 4 On Longwave campaign was already organising a victory party.

Mr John Birt, the BBC director general, said in a statement last night: "I am confident, after extremely thorough research, that a news and sport network offers an exciting new programme prospect - which will bring new listeners to the BBC and extend choice for all licence payers."

Rail group warns on freight sell-off

By John Willman

PLANS to privatise British Rail's freight business could inhibit the development of a competitive market in rail freight, according to a lobby group representing the UK rail freight industry and its customers.

The Freight on Rail group said yesterday that the government's plans to create three companies to handle bulk freight would create powerful regional monopolies and deter new private-sector operators.

The government plans to sell off Trainload Freight, BR's bulk freight subsidiary, as three regionally-based companies which would be able to compete with each other.

According to Freight on Rail, the contracts these companies would inherit and their control over locomotives and other assets would give them a dominant position in the market.

The group also criticised the government's decision to retain Railfreight Distribution (RfD), BR's freight distribution company, in public ownership until services through the Channel tunnel are established.

According to the group, this would leave RfD with preferential access to the limited number of Channel tunnel slots allocated to freight trains, squeezing out new private sector operators.

Britain in brief

US stance on Gatt 'is threat to jobs'

British jobs in clothing and textiles are being threatened by US reluctance to compromise over textile and clothing in the General Agreement of Tariffs and Trade (Gatt), said a report from the industry's trade body.

The Apparel, Knitting and Textiles Alliance (AKT) calls for proposals agreed in July to cut tariffs by up to 50 per cent to be adopted but adds that the US is "resisting its full application".

Mr Colin Purvis, AKT's secretary general, said: "A large reduction in these grotesquely high trade barriers is essential."

The UK and other EC countries have much lower tariffs than the US. The maximum EC duty is 17 per cent. In the US, the world's biggest market, it is more than 40 per cent.

Countries with high rates other than the US include Australia (50-60 per cent) and Asian countries such as India, Pakistan, China and Thailand which ban most imports, impose tariffs of 100 per cent or more, and sometimes do both.

The AKT calls for an agreement based on rules proposed at the G7 meeting in Tokyo in July 1993. These say that peak tariffs, over 15 per cent, would be halved and others cut by one third. Countries with low tariffs barriers include Hong Kong, Japan and Singapore.

Leyland gets training unit

Leyland Trucks is to set up a £430,000 open learning centre for the unemployed on its site in north west England. It will cater for former employees of Leyland Daf, the collapsed Netherlands automotive group from which the truckmaker was rescued by a management buyout. The centre will also be used by Leyland Trucks staff.

The centre is being funded by Lancashire Area West Training and Enterprise Council from a £1.2m government grant to support local engineering partnerships - where public and private sectors work together to promote general improvements in skills. About 40 companies are expected to take up places at the centre.

Mr John Gilchrist, Leyland Trucks chief executive, said yesterday: "Challenging market circumstances overwhelmed our former parent company, but created here one of the leanest manufacturing operations in the European automotive industry."

Air Bristol 'in business'

Air Bristol, a fledgling airline which hopes to run scheduled services from British Aerospace's airfield at Filton, north Bristol, claimed to have started operations despite not being licensed by the Civil Aviation Authority.

BAe has contracted Air Bristol to run its daily "Airbridge" company flights to Airbus Industrie's plant at Toulouse. The first flight in Air Bristol livery, using a leased BAC Super One-Eleven jet, took off yesterday morning.

The company described the lack of CAA licences as a "technical hitch" and said it expected to be granted its own licences soon. A spokesman said: "It is our aircraft and our crew but it is still being technically operated by BAe under its existing special category licence." BAe applied last week for planning permission to develop its Filton airfield as a commercial airport.

Nature site for central London

A redundant reservoir site on the River Thames in south-west London is to be redeveloped into a wildlife reserve in what is claimed to be the first scheme of its kind in European inner cities.

Thames Water said that it had appointed Berkeley Homes to redevelop the 110-acre Barn Elms reservoirs, near Hammersmith Bridge, and to build 340 homes on a further 30 acres to the north of the planned wildlife reserve.

The appointment of a developer brings one step closer the vision of the late Sir Peter Scott, the naturalist, of a haven for wildfowl and other wildlife in London.

New coast defence plan

Mrs Gillian Shephard, the UK agriculture secretary, announced that priority in the £300m annual coastal defence budget for England and Wales will be given to measures which safeguard lives.

It will mean that most spending goes on flood warning systems, and urban coastal and flood defences.

She was launching the first nationally co-ordinated strategy for flood and coastal defence, which has received greater government attention since July, when the Holbeck Hall Hotel slipped off a cliff in Scarborough, north Yorkshire.

Under the new strategy, drawn up jointly by the Ministry of Agriculture, Fisheries and Foods and by the Welsh Office, rural coastal defence and drainage will take the lowest priority.

Gas users face price move

British Gas is expected to announce price rises today for new medium-term contracts for interruptible supplies, a category which currently covers just over 100 large industrial users.

The price rises, ranging from 2.1 per cent to 12.5 per cent depending on the volume of gas purchased, will affect three-to-10-year contracts signed on or after November 2. Existing contracts or companies seeking shorter-term contracts will not be affected.

Interruptible users, which typically use gas for power generation at large industrial sites, pay low prices but risk being cut off during periods of peak demand, when many are able temporarily to switch over to oil or other fuels.

The introduction of competition in the market to supply large gas users has seen British Gas' share of the firm contract market fall to 40 per cent. Independent gas suppliers have also captured 19 per cent of the upper tariff market. But no competitors have emerged in the low-margin interruptible market.

BUSINESS AND THE LAW

Pensions and equal pay

EUROPEAN COURT

The European Court of Justice gave judgment last week in the first of a batch of cases on the effect on pension schemes of the equal pay principle in Community law.

The common thread running through the cases was the precise effect of the Barber judgment. Although the cases were joined and there was a "joint" opinion on them by Advocate General Van Gerven, the Court decided to rule on the first case alone. This left a number of issues with which the Court must still deal.

However, an important question arising out of the Barber decision has now been answered.

The case on which the Court ruled concerned Mr Ten Oever and his deceased wife. Prior to her death, his wife, who had worked in the cleaning trade, had paid into a collective occupational pension fund, jointly financed by employers and workers. Until January 1 1989, the pension fund made provision only for a widow's pension. Mr Ten Oever's wife died in 1988. Mr Ten Oever applied for a widower's pension, but his application was rejected on the ground that, when his wife died, the pension fund rules did not provide for such a pension. Mr Ten Oever then brought an action before the Dutch courts, alleging the refusal was contrary to the equal pay provisions in the Rome Treaty. The Dutch court referred two questions to the European Court.

The first was whether the payment of a widower's pension fell within the Rome Treaty provisions on equal pay. The Court reiterated that the concept of "pay" comprised any consideration in cash or in kind, whether immediate or future, provided the worker received it, albeit indirectly, in respect of his employment. The fact, thus, that certain benefits were paid after the termination of the employment relationship did not prevent those benefits from falling within the concept of "pay" in the Treaty. Thus, said the Court, Mr Ten Oever's widower's pension did fall within Treaty equal pay provisions. The fact that, by definition, the pension would not be paid to the worker but to the spouse was irrelevant. The point was the pension had been acquired in the employment relationship and was paid to the surviving spouse in respect of the deceased spouse's employment.

The second question related to the temporal effects of the Barber judgment. The Barber case held that occupational pension schemes fell within the scope of the equal pay provisions of the Rome Treaty. But because of the huge financial implications of the judgment, the Court decided individuals could not rely on the relevant Treaty provisions before the date of the judgment – May 17 1990.

The question before the Court in the present case was the extent of this restriction. Did it mean only those workers who became paying members of an occupational scheme after May 17 1990 would be entitled to rely on the Treaty provisions? Or, did it mean all pension payments made after May 17 1990 would be covered, irrespective of the date of the periods of employment in which the pension rights were accrued? The Court held the principle of equal pay should apply only to benefits payable in respect of periods of employment after May 17 1990, except in the case of workers or those claiming under them who had before that date initiated legal proceedings or introduced an equivalent claim under national law.

The Court was no doubt aware of the warning given by Advocate General Van Gerven that a different conclusion would be superseded when the Maastricht Treaty came into force.

The Court still has to deal with issues raised by the other cases. These include whether the Barber ruling applies to occupational pension schemes other than those envisaged in that case; whether the use of actuarial calculation factors differing according to sex is contrary to the Rome Treaty provisions on equal pay; and whether the same provisions can be relied upon against the trustees of an occupational scheme.

C-109/91-Ten Oever v Stichting Bedrijfspensioenfonds voor het Glazenwassers en Schoonmaakbedrijf ECJ FC, October 6 1993.

BRICK COURT CHAMBERS, BRUSSELS

A revealing dilemma

When should company secrets be made public in EC competition investigations? Celia Hampton reports

When European companies are faced with a competition investigation by the European Commission, they have two interests that are often at odds with each other. On the one hand, they need as much detailed information about the allegations against them as they can find. On the other, they want to keep their own commercial information secret from other companies, especially their competitors.

This issue of when a business secret should be protected by the Commission and when it should be disclosed is a matter of debate among competition lawyers.

In general terms, the secrecy accorded to information is in inverse proportion to the right of access to the Commission's case file: if the right of access is increased, the right to protect commercial information is correspondingly reduced, and vice versa.

By definition, two or more companies – *usually competitors* – are involved when the Commission is investigating suspected cartels or collusion. All companies involved have equal rights both of access and of secrecy. This results in a conflict of principle. In practice, it may be resolved by the Commission deleting sensitive information before letting other companies see documents. But there must be criteria for allowing a deletion, since there are bound to be cases where other companies have a legitimate claim to see the sensitive information.

When differences arise, the Commission has to resolve them. It has been told by the European Court to make a decision that can be appealed there and then if it decides to disclose a company's business secrets to a company that is not one of those under investigation.

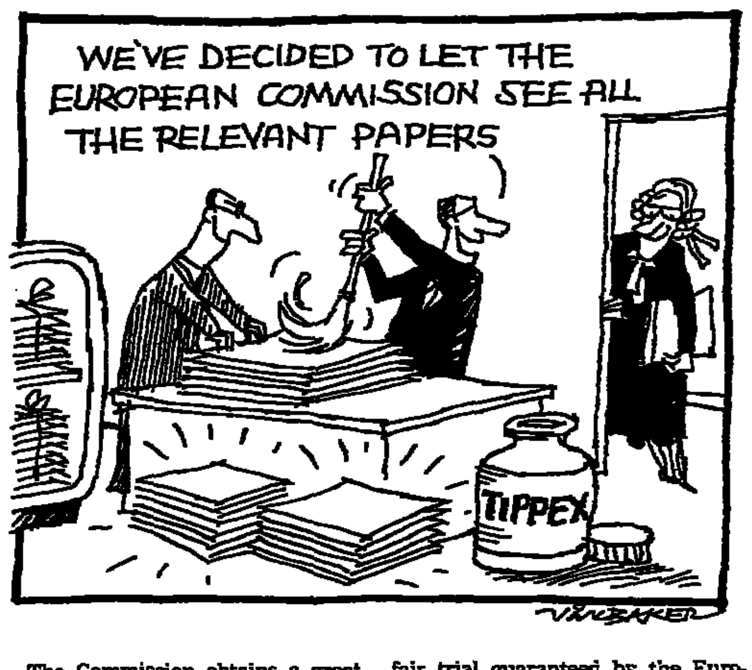
It is possible that the Court would extend this principle in future to cover disclosure of information to co-defendants.

Meanwhile, the Commission's refusal to reveal evidence to a particular company, or its disclosure of evidence when it should not have done so, may in general only be remedied by annulment of the Commission's final decision by the European Court of First Instance.

This court is a new force in EC competition law. It takes its duty to scrutinise procedure seriously. In several cases it has been willing to strike down a Commission decision because of procedural irregularities. This is creating a fully fledged legal control of Commission procedure.

The procedural law emerging as a result was reviewed at a seminar organised in Brussels by the Commission's competition directorate, DG IV, at the end of last month.

Access to the Commission's case file emerged as the single most contentious issue. It seems certain to be raised before the CFI before long.



The Commission obtains a great deal of documentary evidence – agreements, letters, memoranda, notes of meetings, etc – in the course of an investigation. Companies have little power to resist its broad powers of seizure, provided it acts lawfully and within its powers.

When the Commission comes to examine the evidence and compile its case against the company, the process becomes adversarial: the Commission acts as prosecutor. The company being investigated must be able to defend itself. It is entitled to know the nature of the charges against it. Access to the file by companies directly concerned is required by case law as part of their rights of defence.

The extent of these rights depends on their nature, which was strongly disputed at DG IV's seminar. Mr G Vandersanden, of Brussels law firm De Backer & Associés, said the rights of defence existed as a matter of law. They were not in the gift of the Commission, to be granted in its discretion on a case-by-case basis.

Mr Peter Duffy, an English barrister, went further. He argued that they were the fundamental rights to fair trial guaranteed by the European Convention on Human Rights. Although the Commission is an administrative rather than a judicial body, the heavy fines that it may impose (up to 10 per cent of worldwide turnover) are sufficiently serious to give the procedure a penal character. As a penal procedure, the human rights convention would apply, he said.

Dr Klaus Ehlermann, EC director-general of competition, did not accept that the human rights convention applied to the Commission's competition procedures. But, even if it did, he argued, an administrative procedure would be evaluated in a fundamentally different way from a criminal procedure. Also the convention's application to companies should be fundamentally different from its application to individuals.

Mr David Vaughan QC, took the view that countervailing interests, such as business secrecy, would almost invariably fall into a lower category of protection than a right of defence. They could not be put forward as a reason to deprive a company of its right to defend itself.

The first question that needs to be answered is: what is *the file*? This is far from clear. If it consists only of the Commission's statement of objections against the defendant companies and their replies, no one could object to its disclosure to all *parties*.

The file is now generally understood to mean the information in the Commission's possession on which it is basing a particular case. This may include vital commercial information about a company. A company's co-defendants are among the people to whom it would least like to show this information.

There was no consensus at DG IV's seminar on the underlying legal principles governing secrecy. The discussion was confined to companies' proprietary information which could not in principle be disclosed to a wider public. Disclosure to a competitor complaining to the Commission, rather than being investigated by it, raises a parallel issue.

Mr Fernando Pombo, of Madrid law firm Gomez-Acebo & Pombo, analysed the legislation and the principles underlying the scant case law on the subject. He reasoned that the use of information collected by the Commission was always restricted in a general sense because the information was "confidential".

Information concerning a company that was not public knowledge came within the category of "professional secrecy". The Commission had a duty not to disclose it except in specified circumstances, which might override a claim to secrecy by the company affected.

"Business secrets" were a sub-category of professional secrets which could not be disclosed to anyone without the consent of the company to which the information related. Such information included industrial property, information on prices, costs and sales, product development details and investment plans.

Mr Julian Joshua of DG IV disagreed with Mr Pombo. He argued that professional secrecy depends not on the nature of the information, but on the quality of the person holding it.

The degree of disagreement among lawyers on the basic principles affecting information in the Commission's hands was unexpected, and it seems certain that, before long, these issues will end up being litigated.

Open dialogue between the Commission and those involved in its procedures is clearly a good idea. It would be even better if, the next time DG IV debates the issue, it invites those most closely affected, the corporate in-house lawyers.

The author is assistant editor of Business Law Brief, published by FT Newsletters

LEGAL BRIEFS

Litigation too costly and futile, says Bingham

Sir Thomas Bingham, Master of the Rolls in the UK, has attacked the cost and delay in litigation in countries such as Britain, the US and Australia. He said that judges and lawyers in these countries, which share a common approach to law, were talking of "a crisis of epic proportions".

Sir Thomas told an audience of judges and lawyers at the Centre of Advanced Litigation, Nottingham Law School, last Friday, that much legal activity was costly and futile.

"One very often sees actions come to the Court of Appeal where one feels dismay – I would use coarser language – about how a case has been handled."

He said that litigation, like complex surgery, would always be expensive, and for much the same reasons.

The Master of the Rolls said he was trying to make the Queen's Bench Division, which handles large contract and tort disputes, more efficient by introducing the judge-directed timetables which have been so effective in the Commercial and Official Referees' (construction) courts.

Time out

The European Commission has announced new time limits for companies to respond to the "statement of objections" which it issues to companies in competition cases outlining allegations of infringements of competition law.

The time limits are:

- two months for normal cases;
- three months for complex cases.

In addition, two weeks would be added if the period includes Christmas or Easter and four weeks if the period falls in August.

A company has two weeks in which to respond to an order for urgent measures to be taken. No extensions are permitted.

LEGAL NOTICES

No. 007777 of 1993
In the High Court of Justice
Chancery Division
IN THE MATTER OF
FIVE OAKS INVESTMENTS PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 3rd September 1993 for the confirmation of the reduction of the share premium account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 20th day of October 1993.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the Regulated Charge for the same.

Dated the 12th day of October 1993
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: RWC
Solicitors to the Company

No. 008514 of 1993
In the High Court of Justice
Chancery Division
IN THE MATTER OF
RHINO GROUP PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 28th September 1993 for the confirmation of the reduction of the share capital and reduction of the share premium account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 20th day of October 1993.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital and reduction of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the *Regulated Charge for the same.*

Dated the 12th day of October 1993
CLIFFORD CHANCE
200 Aldersgate Street, London EC1A 4JJ
Ref: KO
Solicitors to the Company

IN THE MATTER OF
BUGAZA IMPORTERS & EXPORTERS LIMITED
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN pursuant to Rule 4.106 of the Insolvency Rules 1986 that on 5th October, 1993 I, SURJIT KUMAR SINGLA of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA was appointed Liquidator of the above-named company by the members and creditors.

NOTICE IS ALSO HEREBY GIVEN that the creditors of the above-named Company which is being voluntarily wound-up, are required, on or before the 6th December 1993, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla F.C.A. of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Date 5th October 1993
Surjit Kumar Singla - Chartered Accountant
Liquidator

ELNORDIS LIMITED
E.V. CHEMICALS LIMITED
TENCO INDUSTRIES LIMITED

Notice is hereby given that the Creditors of the above-named Companies are required on or before the 25th day of December 1993 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills and P.A. Lawrence of Booth White, 6 Raleigh House, Admirals Way, Waterside, London E14 9SN the Liquidators of the said Companies, and, if so required by notice in writing by the said Liquidators, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 5th October 1993
B. MILLS
P.A. LAWRENCE
Liquidators

IN THE MATTER OF
MONTGATE LTD
T/A GROSVENOR HOTEL & RESTAURANT
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN pursuant to Rule 4.106 of the Insolvency Rules 1986 that on 5th October 1993, SURJIT KUMAR SINGLA of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA was appointed Liquidator of the above-named company by the members and creditors.

NOTICE IS ALSO HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound-up, are required, on or before the 6th December 1993, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla F.C.A. of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Date 6th October 1993
Surjit Kumar Singla - Chartered Accountant
Liquidator

PUBLIC NOTICES

TECK CORPORATION

NOTICE TO WARRANT HOLDERS

Notice is hereby given to the holders of Class B Subordinate Voting Share Purchase Warrants (the "Warrants") issued under the Warrant Indenture dated as of July 3, 1991 between Tech Corporation and National Trust Company that the Warrants expire at 4:00 p.m. Toronto time, on December 15, 1993 and thereafter the Warrants will be null and void.

Warrant holders wishing to exercise Warrants must surrender, or send by mail or other means, the Warrant certificate with the subscription form duly completed together with the required payment in accordance with the terms of the Warrant Indenture to a principal office of The R M Trust Company in Toronto, Montreal, Calgary, Winnipeg or Vancouver or to the office of Bankers Trust Company, London, England to be *received at such office at or* prior to 4:00 p.m., Toronto time, December 15, 1993.

Teck Corporation
K.L. Dunfee
Corporate Secretary

Vancouver, BC
October 7, 1993

MEXICAN INVESTMENT COMPANY

Société d'Investissement à Capital Variable
Registered Office : Luxembourg, 14 rue Aldringen
Commercial Register: Luxembourg Section B 31.888

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MEXICAN INVESTMENT COMPANY, SICAV will be held at its registered office in Luxembourg, 14, rue Aldringen, on 21st October, 1993 at 11.00 o'clock for the purpose of considering and voting upon the following matters:

1. To hear and accept :
   a) the management report of the Directors
   b) the report of the Auditor
2. To approve the statement of net assets and the statement of changes in net assets for the year ended 30th June, 1993.
3. To discharge the Directors and the Auditor with respect to their performance of duties during the year ended 30th June, 1993.
4. To elect the Directors and the Auditor to serve until the next annual general meeting of shareholders.
5. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

The Board of Directors

At next February's winter Olympics computers will ease the load of TV and radio commentators, writes Andrew Fisher

Going for gold in the computer race

After the global drama centring on the decision to site the 2000 Olympics in Sydney rather than Beijing, Berlin or Manchester, the next winter Olympics will take place in the quietest and most unassuming of venues – the little town of Lillehammer in Norway.

With most of the construction finished – one stadium has been blasted out inside a hill, another built like an upturned Viking ship – there is little of the usual last-minute panic and controversy. All should function with Nordic efficiency when the 2,000 athletes, the 100,000 or so daily spectators and 6,000 media representatives descend on the area in February.

For winter sports addicts, the games will be a must. Those who cannot be there will be glued to their television screens or radios. But however rapt their attention, it will be nothing compared with the concentration required by the commentators.

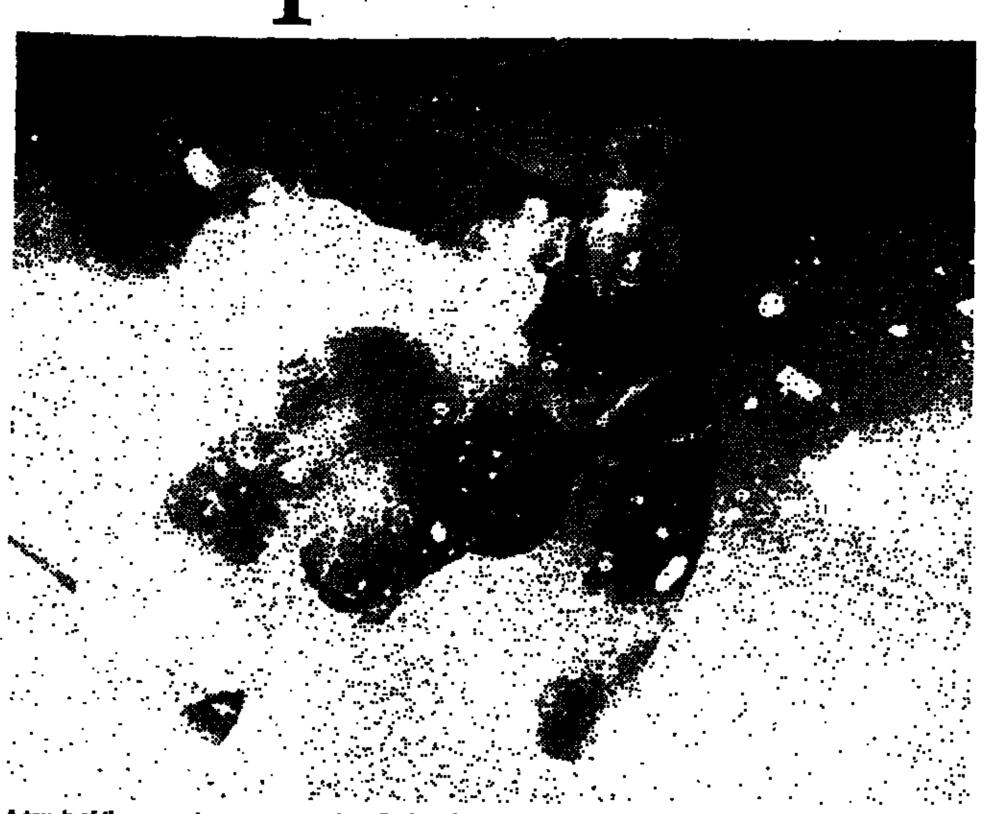
In many cases, they, too, will be staring at screens – on computers as well as TV monitors. As part of its technological contribution to the 1994 winter Olympics, IBM has developed a touch-screen system of constantly updated data about timings, rankings and biographies of the events as they take place.

Called the Commentator Information System and based on a more limited service provided at last year's Barcelona summer games, it provides real-time information to people who have never been trained on the system.

"TV and sports commentators expect to come in five minutes before an event starts, sit down and work on the system," says Erik Andersen, senior consultant at A/S EDB, a Norwegian computer company which is working with IBM on CIS. "There is no possibility of any time for training."

The system is easy to use. Commentators touch the screen with a finger or pen to reveal a list of sports, their participants and how they are performing. Results information is fed in directly from the timing system of Seiko of Japan.

With an expected global TV audience of around 2.5bn people, IBM has tried to make it as simple as possible to report on one or more sports – on the spot or at another site – using information visible on both the TV and computer screen. "Our main challenge is the stopwatch," adds Andersen. "This is the 1990s and the solution is computers."



A touch of the computer screen reveals a display of all sports at the games including the latest results

The first thing the commentator will see on the IBM screen is a sparkling winter scene of a skier slicing though the snow in front of a clump of trees. A touch of the screen reveals a display of all sports at the games with their official pictograms. An event held locally is shown in green, those at distant venues in blue.

Three languages can be selected, the official Olympic ones of English and French and the host country's Norwegian. Curiously, the German language, important in winter sports, is not on the system. It could be, says Andersen, but the International Olympic Committee specifies only three; German, Austrian and Swiss commentators will have to rely on their linguistic abilities.

When the event is chosen on the IBM screen, the list of athletes is shown. In the case of the biathlon, for example, commentators can check on who is starting, who has finished, what the rankings are during this combined cross-country skiing and shooting event, and how stragglers compare with leaders. Athletes of any country can be highlighted and biographies called up.

TV sports reporters will not need starting lists as all athletes will be on screen. If anything unusual happens, such as a disqualification, this will be described. To switch to another sport, the user will have to return to the original pictogram display; it will not be possible to shuffle between sports without doing this or follow two events on a split screen.

Even so, CIS is likely to be a big help, especially when combined with Info 94, IBM's Olympic Information System which will store all news about events, ceremonies and athletes throughout the games. Data will be wiped from the screens at the 800 CIS stations around the games at the end of each day, but be stored in Info 94 for viewing on separate terminals in the venues, press and broadcasting centres and hotels.

The biggest user of CIS will be CBS, the US TV channel which is sending around 1,000 people to Lillehammer. Both CBS and Norwegian TV will use the system to produce graphics. Another important user will be Britain's BBC. "Most TV companies want to send as few commentators as possible and comment on as many sports as possible," says Andersen.

Although the IBM system will help both the best and the least expert journalists, he does not believe CIS will narrow the gap in skills between them.

"Good commentators stand out anyway, as they tell you things the system can't tell you," he says. There will still be plenty of scope for the usual flow of anecdotes, jokes or criticism.

Although final contracts have still to be signed, IBM expects the system to be used at the Atlanta summer games in 1996 and the next winter Olympics in Nagano, Japan. Maybe a few jokes and stories will have been worked into the computer to liven up those inevitable dull moments when the weather takes a hand.

A serious investment

Rob Causey counts the cost of building today's chip plants

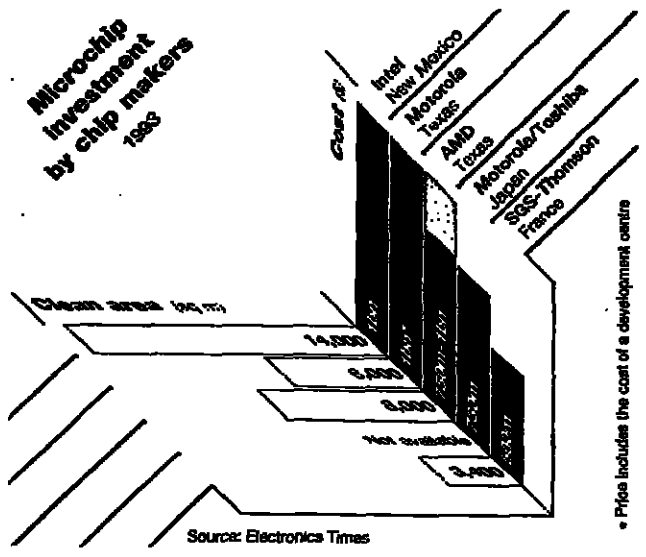
All businesses are under pressure to cut costs, but the problem is particularly acute in the $70bn (£46bn) semiconductor market. A new computer chip factory needs an investment of up to $1bn and only the largest and most profitable players can afford this. Thus medium-sized semiconductor companies have been changing the way they make chips in order to stay at the leading edge of technology without paying this vast bill.

In April, Intel, the world's largest chip supplier, announced it would invest $1bn in a plant in New Mexico to start production in 1995. Its US rivals, Advanced Micro Devices, Motorola and Texas Instruments, have all followed suit over the past six months.

Such large sums have caused even the large Japanese companies to worry about making a return on their investment. Takao Nakano, general manager of Mitsubishi Electric's Kumamoto plant, said earlier this year that R&D investment to produce leading-edge memory devices would rise from 9 per cent of sales in 1991 to 20 per cent of sales in 2000, if current trends continued. Investment on production equipment would rise from 13 per cent to 70 per cent of sales over the same period, he predicted.

Gordon Moore, chairman of Intel, put it more bluntly. "The entry fee to be a major player in the global semiconductor market of the 1990s is $1bn, payable in advance." This has led even the largest chip companies to form alliances, such as those between IBM, Toshiba and Siemens, AMD and Hewlett-Packard, and NEC and AT&T, to share the cost.

The medium-sized companies, which in the chip business means anyone with sales of less than $2bn, do not have these options. Micron Technology of the US has traditionally competed at the leading edge of the memory business, but had sales of only $557m last year. Its president, Steve Appleton, has the problem of keeping up without paying the $1bn price.



Source: Electronics Times

"You have to target your R&D money," he says. "If I give you a shovel and tell you to dig a 1 sq ft hole, and you come back to me and say it's a bit tough, will it help if I say: 'Okay, here's 100 more people to help you dig a 1ft hole'?"

The manufacture of semiconductors is a complex process, involving both printing and baking. A round piece of silicon, or wafer, is put into an oven and a layer of silicon oxide baked on to its surface. Some of the chip's circuit patterns are then printed on to the oxide and the oxide around these patterns is etched away. Chemicals are then burned into the silicon surface. This process is repeated, with more circuit elements built up on top, until the chip is finished.

Each stage requires a specialised piece of equipment, costing about $4m and adding up to about $600m of the $1bn total. One way to cut the cost of the factory is to buy less equipment; a number of companies have been working on ways of making more chips with fewer machines.

When Appleton talks about targeting R&D money, he means using as few printing stages or "masks" as possible. To make 4Mbit memories, Micron uses 11 masks; some rivals use 21. "I get twice the output for the same piece of equipment, because I only have to process a wafer for half the time."

A Dutch company, ASM Lithography, which makes printing machines (steppers), is helping to cut equipment costs. Its latest steppers are designed to allow the lenses that focus the circuit image on the wafer to be replaced when new technology becomes available. This means companies do not have to buy new steppers every time technology advances.

Another $250m of the $1bn goes on air conditioning. The circuit designs on most wafers are so small that a microscopic piece of dust can cause a short circuit. Thus the air has to be extremely clean. ASM's steppers blow inert gas on to the centre of each wafer. As this gas flows to the edge of the wafer, it carries dirt away with it, preventing damage to the circuits.

This technique allows wafers to be kept clean inside machines which themselves are not standing in the cleanest part of the plant. The chip maker can then reduce the amount of air cleaned to the highest standard and keep costs down.

SGS-Thomson Microelectronics has just started making chips at a plant near Grenoble in France which, when completed, will have cost $500m and have 3,400 sq m of floor space at so-called "class one" cleanliness. AMD's new Texas facility, with the same output, will use about 8,000 sq m of "class one" cleanroom and cost twice as much.

Chipmakers are taking this approach further and creating "mini-environments". This involves moving the wafers around in an airtight box, only opened inside the machine. The whole factory does not have to be kept so clean.

Lloyd Doyle, manager of IBM's East Fishkill plant in New York state, believes chip making costs will remain high. "If you're asking me if a state-of-the-art fab [fabrication plant] costs between $500m and $750m, I'd say yes. But there are ways of getting more devices for your money."

MANAGEMENT: THE GROWING BUSINESS

Taxman tightens grip

Ten months into the European single market, many companies are still struggling to comply with the complexities of the new value added tax (VAT) regime.

UK Customs & Excise, for one, has given businesses a breathing space to get used to the new system but will start to tighten up in 1994.

What should companies be doing to ensure that when this happens they are not caught out? VAT specialists suggest:

- Check the accuracy of the sales and trade data you are filing to customs. You will not want to go back over several months of figures if the VATman challenges your numbers.
- Check that you are only making VAT-free exports to VAT-registered customers. If you discover later that a customer is not VAT-registered you will be required to pay VAT on those sales.
- Confirm that you have appointed a VAT representative where appropriate in countries where you make substantial sales to customers not registered for VAT or you could incur local penalties and a VAT liability. The threshold levels vary.

"The fixed penalties pale into insignificance compared with the cost of having to pay VAT of 17.5 per cent on sales when you did not expect it," comments John Arnold, tax partner at accountants Coopers & Lybrand.

But VAT is not the only area where businesses should review matters. Companies may be failing to exploit the operational benefits of the single market.

- Businesses should consider whether they cannot reduce their stock levels to take account of faster delivery times in the new barrier-free market.
- They should review their transport costs to see if their shippers have passed on all or any of the benefits of the faster delivery times.
- They should reduce the size of what are known as deferment guarantees provided by their banks now there is no longer a need to cover a VAT liability on EC imports.

CB

Selective reading

Charles Batchelor samples the latest crop of business books

Who has time to read even a fraction of the business books which pour from the publishers' presses every month? Small business owners are particularly reluctant to trust the printed word when it comes to seeking advice.

And yet, the well-written manual can provide short-cuts and act as a valuable source of reference. Recent publications have addressed a number of important issues, some highly topical, some perennial, including quality, the single European market, customer care and finance.

If any area of business management could be dismissed as the art of the blindingly obvious, then customer service would come at the top of the list. Yet for all the self-evident nature of the need to treat your customers well, this is the one area where many businesses are particularly inept.

The Golden Rules of Customer Care by Carl Sewell and Paul B. Brown (Business Books, 175 pages, £15.99, paperback £8.99) treats its subject in an instructive and entertaining fashion. Sewell, who runs a Cadillac dealership in Texas, calculates that a satisfied customer will spend $332,000 (£218,000) over a lifetime on cars and servicing. Once you realise a sale is not a one-off transaction, then it makes sense to keep customers happy, says Sewell.

Start by asking your customers what they want. When Sewell surveyed his, he found they valued convenience above price, so he extended his opening hours and provided a free car while the customer's was being repaired.

Sewell says he cannot guarantee to be the cheapest repair shop around, but he makes sure customers feel happy by ensuring that the bill always comes in under the estimate. This involves making an accurate assessment of the likely cost and building in a buffer of 10 per cent.

He also takes service as far as offering a free call-out to fix a flat tyre or replace a broken car key. Very few people abuse this sort of service and the payback in terms of creating loyal customers is well worth it.

Not that saying please and smiling will ensure that the job is done right the first time. Only having tight operating and financial controls and well-chosen, motivated staff can achieve that.

This story is that of a car dealer but his advice could be applied to other sectors. Sewell even has an answer for the sceptics who ask: does the author practise what he preaches and if he is so smart, why isn't he rich? He does and he is.

Guides to the workings of the European Community are plentiful, but the particular advantage of *Into the Single Market* by Jon Marks (Middle East Economic Digest, 80 pages, £24.95.) is the clarity of its lay-out. However, the decision not to include an index reduces its value as a quick reference book.

The Community is developing so rapidly that any guide has only a short shelf-life. The names, addresses and telephone numbers which make up a valuable part of this handbook are particularly prone to obsolescence.

But the book gives an admirably complete explanation of the Community's history, institutions and systems. What are the structural funds, the cohesion fund and the convergence programmes? Community-speak is larded with terms bleached of much of their meaning by translators.

One section of this book explains how the EC evolved to its present state, while another goes into the details of doing business in the EC, coping with issues such as the harmonisation of standards, taxation and public procurement.

The author also looks at sectors such as energy and the environment, agriculture and the financial system.

Not as narrowly focused as its title suggests, *The Quality Management Manual* by Jenny Waller, Derek Allen and Andrew Burns (Kogan Page, 206 pages, £24.95), does explain how to write the manual required by formal quality systems, but it also provides a general introduction to the subject of quality.

It also contains a wealth of case histories of how companies are coming to grips with the question of quality. For some companies introducing quality assurance revealed quite startling gaps in the management procedures.

The authors make clear that they are not providing an off-the-shelf quality manual. Quality management systems must be tailored to the needs of the individual organisation, they warn.

Most companies will use a book of this sort on the road to achieving BS 5750, the British quality assurance standard, and its international equivalent ISO 9000, but it should also prove of value to companies which do not want the rigours and expense of formal registration.

A quality manual serves a double purpose, the authors point out. It is both a symbol of a company's commitment to quality – though one which will be closely scrutinised by the certification company's assessors – and a practical reference book for staff. It should not be a dry, technical document, but be designed to be attractive and easy to use.

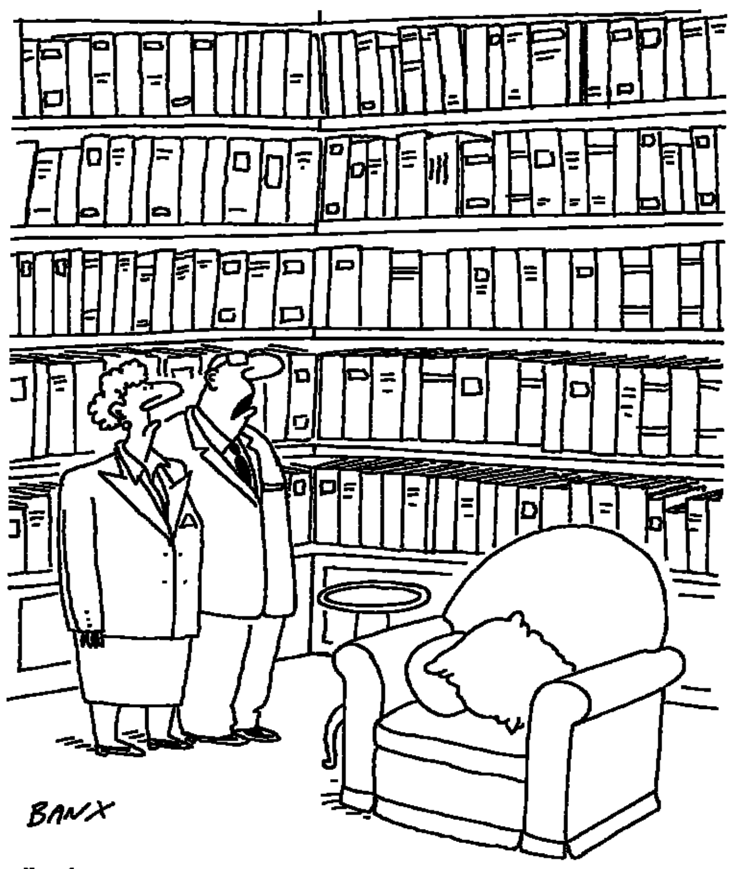
The Business of Factoring by David Hawkins (McGraw Hill, 247 pages, £35) combines a practical guide for managers on how and when to use factoring and invoice discounting, with a critical review of the state of the industry.

Factoring provides cash against a company's invoices and can represent a flexible method of raising finance in situations where the bank manager is unwilling to grant or increase an overdraft. It has not completely shed a down-market image acquired in the 1960s, but has grown in popularity in recent years.

This book provides a jargon-free account of how factoring and invoice discounting work for the client company. But it should also be read in the boardrooms of the banks which own most of the big factoring companies.

The banks have tended to regard it as a peripheral activity which competes with their main business of providing overdraft and loan finance. They have therefore not developed factoring as aggressively as they could have done, Hawkins suggests.

This might not matter to anyone but the banks' shareholders. But factoring could prove a valuable additional source of finance to businesses recovering from the recession, particularly if the banks are more cautious about extending loans to small businesses.



"I'M SAVING THESE BUSINESS BOOKS FOR WHEN I RETIRE."

In a Nutshell

Start-ups highest since 1990

Nearly 107,000 new businesses started up in the second quarter of 1993, the largest number since the final three months of 1990 and 23 per cent more than in the same period of 1992, according to the latest edition of Barclays Bank's Small Business Bulletin.

New starts were still outnumbered by closures, though at 130,000 these were 14 per cent lower than in the second quarter of 1992.

In the first six months of the year, new starts rose 14 per cent to nearly 237,000. This increase reflected improving business optimism encouraged by low interest rates, falling inflation and the competitiveness of sterling's exchange rate.

Barclays said it did not expect this rate of improvement to be maintained throughout 1993. It estimates that new starts this year will reach about 400,000, nearly 10 per cent more than in 1992.

The most buoyant regions in the first half were East Anglia and the north-west of England.

Contact Paragon Communications. Tel: 071 734 6030.

Keeping the family happy

Personal relationships can strengthen the family-owned business, but they can also be a source of tension. Understanding family dynamics is one of a series of evening seminars to be run by the Stoy Centre for Family Business this autumn.

Other subjects to be covered include financing the family business, planning to sell and arranging the hand-over from one generation to the next.

Contact Diane Deacon, Stoy Centre for Family Business, 8 Baker Street, London W1M 1DA. Tel: 071 486 5888.

Mail order from the Prince's Trust

The Prince's Youth Business Trust, which helps young people get started in business and whose patron is the Prince of Wales, has produced its first mail order catalogue* featuring the products of businesses started with the aid of the trust.

The eight-page catalogue carries details of the products of a dozen companies, but the plan is to expand its coverage in future years.

The items range from hand-painted earthenware vases to jewellery, ceramic-faced clocks to umbrellas with a colourful inner lining.

Part of the profit made on products sold through the catalogue will go back to the trust which has provided more than £30m in loans and grants to 18,000 young entrepreneurs.

**From PYBT, 5 Cleveland Place, London SW1Y 6JJ. Free.*

Unemployed get help with ventures

Would-be entrepreneurs in West Yorkshire can participate in a £600,000 initiative to help unemployed people with a business, technical or professional background start up on their own.

The Innovation Partnership scheme, which has been launched by Huddersfield University and Calderdale and Kirklees Training and Enterprise Council, will provide 60 people with a computerised office and financial and professional support.

Participants will work in teams for up to 10 months to develop a business plan to the stage where they can look for a corporate joint partner or seek additional public- or private-sector finance.

Contact Peter Bissell, Project Manager, Huddersfield University, Queensgate, Huddersfield HD1 3DH. Tel: 0484 472711.

£50,000 prize in Quest for Growth

A national competition to find Britain's fastest growing businesses has been launched by 3i, the development capital group.

The Quest for Growth competition is open to independent businesses with sales of between £2m and £30m and profits of more than £100,000. Winners from nine regions will compete for a prize of £50,000 in the national final which will take place next March.

Entry forms available from 3i. Tel: 071 928 7803 or 071 928 3131. Closing date for entries is November 30.

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BUSINESSES FOR SALE

WHERE TO WATCH THE FT THIS WEEK

MONDAY

05:30 FT Reports •
06:30 European Business Today†
07:45 European Business Today†
12:30 West of Moscow†
22:30 European Business Today†

TUESDAY

06:30 European Business Today†
07:45 European Business Today†
07:45 FT Reports*
13:15 FT Reports*
15:45 FT Reports*
18:45 FT Reports*
22:30 European Business Today†
18:45 FT Reports*

WEDNESDAY

06:30 European Business Today†
07:45 European Business Today†
21:30 FT Reports† Living with Le GATT........... The battle for the hearts and minds of Brittany's farmers.
22:30 European Business Today†

THURSDAY

06:30 European Business Today†
07:45 European Business Today†
18:45 FT Reports*
22:30 European Business Today†

FRIDAY

06:30 European Business Today†
07:45 European Business Today†
22:30 European Business Today†

SATURDAY

08:30 FT Reports†

SUNDAY

03:30 West of Moscow • The red habit...................... Who are the millionaire drug Tsars on the new Soviet disorder?
05:30 FT Reports•
22:30 West of Moscow †

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PEOPLE

Broad-based team for new science council

The new Council for Science and Technology, which will advise the government on scientific issues of "strategic national importance", was named yesterday.

It is chaired by William Waldegrave, the minister for science, with Bill Stewart, the government's chief scientist, as deputy chairman.

The other 10 members are a strong blend of research managers from industry and universities.

The prime minister launched the CST with a statement that he would regard it as "an important source of independent expert advice."

If so, it will be more influential than its predecessor, the Advisory Council for Science and Technology, which produced worthy reports that made little impact in Whitehall.

The replacement of ACOST with the higher-powered CST was one of the measures promised in the government's white paper on science in May.

The most powerful businessman on CST is Richard Sykes, chief executive of Glaxo, who controls Britain's largest corporate research budget.

Glaxo expects to spend £850m on next year on R&D – only £250m less than the government's own research councils.

Other industrial members are: Sir Robin Nicholson, research director of Pilkington, the glass manufacturer (and chief scientific adviser to Mrs Thatcher from 1983 to 1985); Sir Ralph Robins, chairman of Rolls-Royce and head of the Defence Industries Council; Alan Rudge, British Telecom's managing director of development and procurement; John Towers, group managing director of British Aerospace's Rover subsidiary; and Peter Williams, chairman of Oxford Instruments.

CST's academic contingent is somewhat smaller: Sushantha Bhattacharyya, professor of manufacturing systems at Warwick University; Sir Aaron Klug, director of the Medical Research Council's Laboratory of Molecular Biology; Bridget Ogilvie, director of the Wellcome Trust, the largest UK research charity; and Stewart Sutherland, vice-chancellor of the University of London (and a philosopher by training – the only CST member without a science or engineering background).

The council is expected to convene for the first time within the next month and then to meet about four times a year.

● The government has also appointed Robert Malpas, the chairman of Cookson, as the new part-time chairman of the Natural Environment Research Council.

Business planners choose chairman

Chris Clarke, below, has been appointed the new chairman of the Strategic Planning Society, a charitable foundation of some 2,000 members, including most of the publicly-quoted UK companies. The society's brief is to promote considerations of strategic management in the widest sense.

Clarke 44 is a vice president

of management consultants A.T.Kearney. His particular expertise is in advising companies on mergers, acquisitions and alliances.

He feels that one of his prime tasks is more clearly to demarcate the distinct roles of the Confederation of British Industry or Institute of Directors and that of his own society.

"Unlike the CBI or IOD, our focus is entirely on strategic thinking," says Clarke, an economics graduate from UMIST in Manchester.

Clarke started his career as a brand manager with Barker & Dobson, the confectioners who once produced a famous comestible called the Everton mint, which featured a soft centre – something Clarke hopes the society will avoid.

His view is that the society needs to raise its public profile, since "although we are well known among the corporate sector we need to have a bigger influence on government and individuals within business. I hope we will reach a point where the society becomes recognised as providing 'thought leadership'".

Sterling chairman observed

Roger Harrison, former chief executive of The Observer is taking over as chairman of Sterling Publishing, the company specialising in the publication of annuals and magazines – including Debretts.

Roger Harrison, who has had wide managerial experience in the media, takes over from Mr Ronald Cohen, who has been chairman from 1985.

Ronald Cohen became chairman after Apax Venture Capital took a major shareholding in Sterling as backers of a management buyout.

Apax sold the final tranche of its original investment in January this year; Cohen's resignation is as a result of that disposal.

Apart from being chief executive of The Observer and a council member of the Newspaper Publishers' Association for 20 years, Harrison is also deputy chairman of Capital Radio and a director of Trinity International Holdings and LWT Holdings.

Chairman resigns at Aitken Hume

Ziad Idilby, the chairman and chief executive of Aitken Hume who was appointed three years ago to resolve boardroom dissention, is to resign from the banking group next month.

Idilby, aged 57, insisted his parting from Aitken Hume was entirely amicable, and is based on the fact that the tasks he took on when he was appointed have now been satisfactorily completed.

Over the past three years he has masterminded a wide-ranging rationalisation programme leaving the former international financial services group with an indepenently chaired banking operation in the UK and Guernsey. "I am pleased to say I have worked myself out of a job," he said yesterday.

Aitken Hume has raised an estimated £26m net cash through disposals including the US fund management subsidiary, National Securities & Research Corporation, and the financial services group Bachmann. It is now likely the group will seek to return that cash to shareholders rather than use it for acquisition or expansion.

Aitken Hume is more than 60 per cent controlled by the Said Trust, owned by Syrian-born businessman, Mr Wafic Said, and Allied Group, a Hong Kong financial conglomerate. Both shareholders are represented on the board, although there has been speculation over the fate of two directors connected to Allied following criticism of that company by Hong Kong regulators.

■ Alexander Poliakoff has retired from MULTITONE ELECTRONICS.

■ Mark Foster, group director of RECKITT & COLMAN with responsibility for Africa, Latin America and the UK food and European colours divisions, retires from the board from the end of March 1994.

Group directors who will take over Foster's responsibilities are Michael Turrell, North America; Lalith de Mel, Asia and Africa; Colin Brown, Europe.

Concert

Sentiment rules in the US

On Sunday in the Barbican with Ivor Bolton, the London Symphony played a benefit concert for United World Colleges and the Variety Club of Great Britain. Even by benefit-concert standards, it was a pretty rum programme. Two obscure operatic numbers (Massenet, Rossini) for Ruggero Raimondi to sing, each prefaced with instrumental pieces from those composers' operas; and then a commissioned *pièce de résistance:* a "Peace" piece, conducted by its highly professional composer Marvin Hamlisch, whose scores have enlivened the musical *A Chorus Line* and – among many other movies – *The Way We Were,* which earned him Academy Awards.

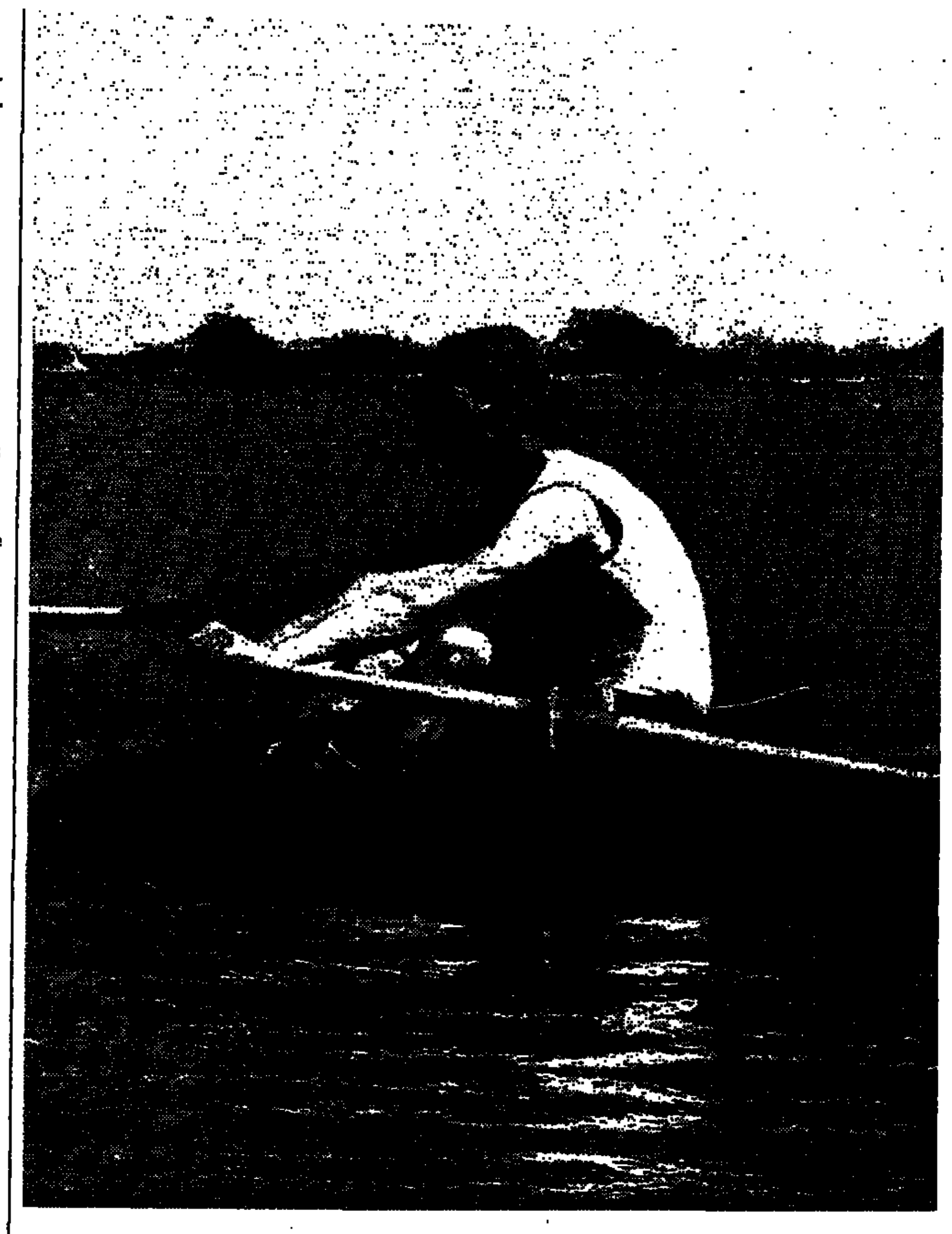
While the LSO addressed itself vigorously to Massenet's ballet music for *Le Cid*, I kept thinking how much better it would have been if his contemporary Chabrier had written it. Both composers began with similarly catchy *trouvailles* when aiming at broad, popular effects – but only Chabrier went on unfailingly to twist and subvert them until they crackled with fresh imagination. Then Raimondi impersonated Massenet's dying "Don Quichotte" with grave tenderness and superbly even tone: if only Massenet's mawkish strings were less blatantly "effective", and more elegantly composed! After that, the great bass enjoyed himself hugely in a patter-aria from Rossini's *Viaggio a Reims* (partly spoken); and then he stopped, when we felt we'd hardly heard him yet.

Hamlisch's *Anatomy of Peace,* which was having its European premiere, was commissioned by United World Colleges. (The fund-raising co-Chairs for its U.S. National Committee are his wife and Mrs Phyllis Rothschild Farley.) Juilliard-trained as he is, one hoped that "his first commissioned work for symphony orchestra" would stretch him at last beyond the limits of Broadway, but it did not.

We got his own printed scenario. A solo flute line, representing the "one law" that should be the salvation of warring nations worldwide, would contend with noisy dissonances from "national" factions. Little by little, the obstreperous ethnic voices would succumb to a deeply American ideal: plangently wistful, white-note stuff, in a familiar Copland/Bernstein/Sondheim vein – *cf.* the "Somewhere" idyll in *West Side Story,* for a start – but eventually finding themselves singing along with the stalwart boy choristers (from St. Paul's, very good).

The wistfully innocent Big Tune was stamped upon our ears by innumerable repetitions. Dissenting voices were rendered as mere sound and fury. I was embarrassed to find my old 1960s paranoias about the US of A (its well-meaning moral lust for world domination, its invincible ignorance about what moves anybody else) so starkly confirmed.

David Murray



'John Biglin in a Single Scull', 1873-74, by Thomas Eakins

European at heart

William Packer on the work of American artist Thomas Eakins

The small but choice study at the National Portrait Gallery of the work of American painter, Thomas Eakins, brings a significant artist to European attention for the first time. That in itself is remarkable: for Eakins died in 1916 aged 72, and though he spent all his working life in his native Philadelphia and never cultivated a fashionable reputation, he has stood high in American critical regard since at least the 1930s. A single work in the collection of the Musée d'Orsay in Paris is the total of his success abroad.

That this has been a great mistake and, from a European point of view, our loss, is manifest from the work we now see. But the real problem, perhaps, lies deeper. He was, after all, an artist of the generation of Sargent, Whistler and Merrit Chase, who, like them, came to Europe and, in particular, to Paris to study. It is clear from his work that he took full advantage of his years away, acquainting himself not only with the work of the old masters, particularly of Ribera and Velasquez, which he travelled to Spain to see, but also that of his contemporaries. For Paris in the 1860s was in a ferment of activity, with the growth of impressionism to set against the academicism of the Salon, and a general social realism holding the middle ground.

It is on this middle ground that Eakins takes his rightful place, to be considered as a realist painter with his peers. For this reason, the quality of his work needs to be seen in relation to that of his contemporaries in France and elsewhere. Fantin-Latour, in his capacity as a portrait painter, Carolus-Duran, and early Degas spring to mind, so too do John Millais for his later portraits, and G.F. Watts and the German, Max Liebermann, the Russian Ilya Repin, to say nothing of the young Sargent. Whether or not Eakins knew of all these artists' work is not the point: clearly something was in the air.

That he should then choose to return to America and never go abroad again would hardly matter except that even now some people make an issue of it. The very sub-title of this show obliquely raises the question: "The Heart of American Life". The truth is that Eakins painted Americans because he was living in America and his friends and sitters were American: he painted rowers because he went rowing himself. The "Heart" of life he was painting was not American so much as his own, the commitment not so much philosophical as circumstantial. His true character as a painter, for all the apparent provincialism of his material, is far more cosmopolitan than his apologists allow. Thank goodness he has come into his his proper place on the international stage at last.

If his American condition has kept him back in reputation for so long, it is America's fault – for we can hardly celebrate what we have not seen. Indeed, with American art in general, there seem to be several critical and emotional forces at work. Sometimes isolation is entered as a special plea, the uniqueness of the work thus proved and the achievement left beyond doubt: sometimes, as with the current survey of 20th century American Art at the Royal Academy, selective myopia ignores the individual contribution and relies upon a collective authority by which to claim an international pre-eminence. Awkward Americans who go European, such as Sargent or Whistler, Tobey or Kitaj, hard to place, are left aside. As in history, so in art: America stands either quite alone; or first and still alone. The choice is between an inflated reputation; no reputation at all; or, as in Eakins' case, both at once.

Eakins is simply a very good painter who complements a somewhat dour eye with a hand that is vigorous and active. He was evidently serious-minded, his pictures tending towards the sombre, well thought-out and thoroughly accomplished. He was particularly interested in the science of perspective, and science and scientists in general. Yet the composition is always unfussy, the drawing strong, the modelling firm, the surface of the paint never dull or turgid. The essential "manliness" of his work has been remarked, and while too much should not be made of it, especially in relation to the images of rowers, yachters, boxers and shooters, there is most certainly a truth to it in principal, in the quality of its making.

But the greater strength is in the quality of his observation. A portrait is always something more than an accretion of brush-strokes, and Eakins was a wonderful painter of portraits, tender and sympathetic in his immediate address, deep in his personal insight. He was clearly intrigued by psychological states, and his sitters, men and women alike – which is not always the case – are never less than convincing in their preoccupations, now melancholy, now reflective, now rapt in concentration. He is especially good with women of a certain age, and ageing men.

He never worked to a fashionable clientele, but set himself, rather as Watts did in England, to painting distinguished contemporaries – scientists, artists, academics. The full-length portraits, on the grand scale yet intimate, are all impressive: the concert singer, Weda Cook; the physicist, Professor Roland; the surgeon, Dr Agnew; the brother-in-law, Louis Kenton. Yet, as always, it is in the studies and sketches, heads and half-lengths, close up and concentrated, the paint fresh and direct, that the truer artist, the man himself, is revealed.

Thomas Eakins 1844-1916 - and the Heart of American Life: National Portrait Gallery, WC2, until Jan 23: sponsored by British Airways

Much music making in Zurich

Ronald Crichton enjoys Henze, Wagner and Verdi operas plus a Cecilia Bartoli recital

Not many European cities can offer an opera house as pleasant to visit as Zurich's lakeside complex with its cosy, comfortable, main auditorium. Nor can there be many where you can see three operas and a star recital in the space of ten days. A balance is maintained between the old repertory opera and the *stagione* system with only one or two productions on show for longer than most visitors stay.

New to Zurich was Nikolaus Lenhoff's production of the revised version of Henze's *Der Prinz von Homburg,* described by Andrew Clark after the premiere in Munich last year. This has been transferred, with (except for William Cochran's authoritative Elector) a new cast and conductor. It was Luchino Visconti who suggested to Henze an opera on Kleist's play about a dreamy, impetuous soldier-prince at odds with the traditions of Prussian militarism. Ingerborg Bachmann condensed the drama into a workable libretto, softening the military aspect on the way.

When the opera was first given, at Hamburg in 1960 (yes, *Homburg* in Hamburg) much stress was laid on the brevity and concision of Henze's new score compared with the overflowing abundance of its predecessor, *König Hirsch.* Indeed this short three-acter is not prolix and there is a Stravinskyan pungency and economy. Yet coming back to *Homburg* after more than 30 years the chief impression was of welcome re-immersion in Henze's early, luxurious sound-world, poised somewhere between *König Hirsch* and the ballet *Ondine* which followed soon after.

Gottfried Pilz's dignified single set, saved from monotony by the enchanted lighting, uses a front gauze, right for the opening and closing scenes but dulling some important action details, like the business of the laurel wreath and the glove filched by the Prince from his beloved Princess Natalie. Sights and sounds of war were so much played down as to be almost unnoticeable.

The baritone Thomas Hampson is swiftly making the title-role in *Homburg* his own. He may not have (few opera singers can claim this) the other-wordliness concealing inner strength of the actor Gérard Philipe who so memorably played the Prince in the TNP production of the play in Paris. Yet he is elegant in bearing and movement, and he deals easily with Henze's consciously Italianate vocal lines. Already Hampson gives a credible portrait of a Hamlet-like dreamer with misdirected spurts of activity. Otherwise, apart from Cochran's Elector, the best singing came from Martin Zysset as the Horatio-figure, Count Hobenzollern. Eliahu Inbal conducted, alert and sensitive but inclined to let the brass have its head.

The recitalist was the mezzo-soprano Cecilia Bartoli, who already draws as much applause when she appears on the platform as many singers do when they leave it. A first half of Italian old masters and Mozart songs led up to his "Parto, parto" from *La clemenza di Tito.* The second half, all Rossini, ended with the rondo-finale from *La cenerentola.* Both big pieces were sung with style, intelligence and the right weight of tone for the size of the house. The Italian songs included some Paisiello, a composer for whom Bartoli evidently has a penchant. More, please. Rossini brought five different settings of some favourite lines by Metastasio, characterised with dazzling clarity, also French songs in which, flashing eyes and pouting lips notwithstanding, the words did not tell. Since they are miniature narratives, this mattered. György Fisher accompanied.

★

I was glad to catch the revival of Robert Wilson's 1991 *Lohengrin* with his own Japanese-style abstract sets and stately, hieratic movements. The treatment suits Wagner's phrase-lengths, slow tempi and extended time-scale surprisingly well. Anja Silja's baleful, statuesque Ortrud, complete mistress of the physical style, unobtrusively but firmly dominates the stage. Her cry in the second act to her heathen gods, filled with rage, envy, deep sadness and stifled guilt, was unforgettable. She had strong support the from the wiry, tensely-projected Telramund of Rolf Haunstein. Gösta Winbergh was a better-than-average Lohengrin, Gabrielle Lechner an acceptable Elsa. A bald patch somewhere in the middle register conveyed the girl's hesitations and anxieties rather well. Roland Hermann was a first-rate Herald.

The conductor Ralf Weikert allowed the brass to play with a blatancy fully justifying the rude things said about Wagner's loudness in the early days. No such fault in Carlo Franci's polished, finely-controlled account of *Macbeth* – and loud brass can be more conspicuous in Verdi than anywhere. This was a revival of the 1985 staging by Grischa Asagaroff in Josef Svovoda's ingenious hanging, swivelling panels of fly-chains. A strong central couple: Simon Estes in splendid voice with a steely-voiced, commanding Lady from Mara Zampieri. Laszlo Polgár was a good Banquo. The final chorus was unusually satisfying and conclusive.

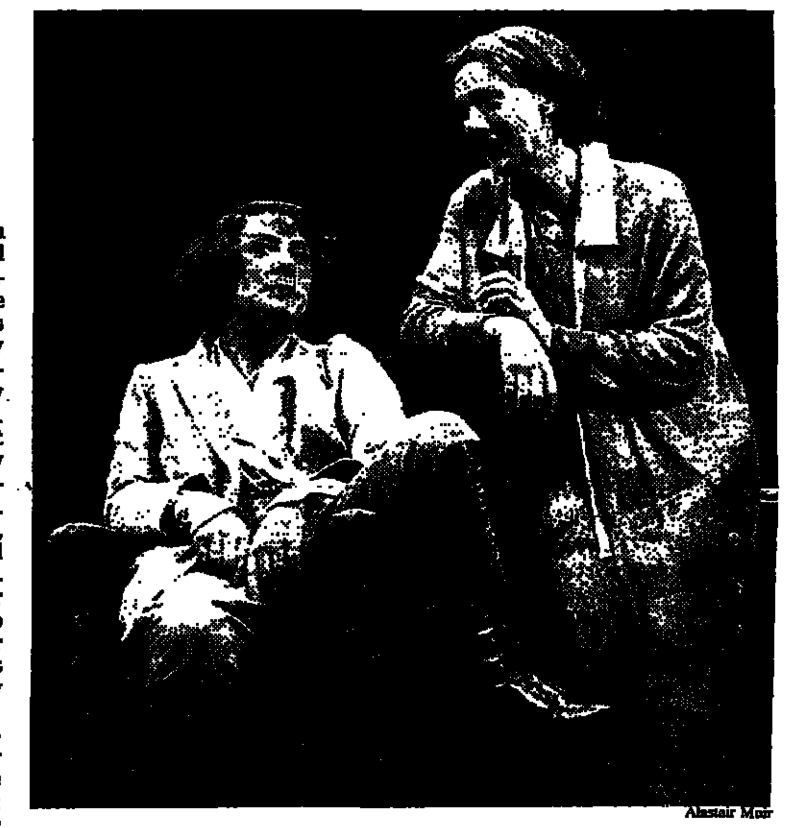
Theatre

Vita and Virginia

A little bit of history has been made in London's West End Theatre with the first Sunday opening, although some of the national newspaper critics chose to boycott it, not because they are against Sunday theatre in principle but because it seems that they prefer not to work on Sundays. There is no suggestion, as yet, that Sunday openings will become a way of life. Sunday performances, however, should add to the audience. There is after all Sunday cinema, Sunday sport, Sunday shopping and Sunday practically everything else. There is a more genuine dilemma for the actors who cannot be expected to work a seven-day week. The answer may be to knock off on Mondays, as happens in much of Europe. In New York Sunday openings are frequent.

For my part, I welcomed the London innovation at the civilised hour of 6pm, which overcomes one of the nagging problems of theatregoing: whether to eat before, afterwards or not at all. For most theatregoers 6pm is possible only at weekends, and dinner comes after.

The guinea pig was *Vita and Virgina* at the Ambassadors. The two Vs are Vita-Sackville West and Virginia Woolf. How you take to them depends on whether you want to hear any more, and indeed old lines rehashed, about the Bloomsbury Set. They sound remarkably precious and insular. Vita's comments on her travels abroad, as the wife of the diplomatist Harold Nicolson, are now distinctly embarrassing, especially on America. And it is no longer remotely shocking that two women should have had an affair. This must be one of the best-known liaisons of the 20th century.



Alastair Muir

Penelope Wilton and Eileen Atkins as Vita and Virginia

Nevertheless, the piece is very well done. It is written by Eileen Atkins and drawn from the published letters. Ms Atkins also plays Virgina; Penelope Wilton is Vita. Here is a marvellous combination of actresses. Watch their eyes where most of the movement takes place. Listen to the nuances of love and sexual jealousy in their lines. Ms Atkins is moody, intellectual and introverted. Ms Wilton is elegant, less clever but more passionate. They have a very articulate script to work on: Bloomsbury may split hairs, but never infinitives.

It is a good story, but whether it is much of a play I have some doubts. *Vita and Virginia* is very repetitive and would be better performed without an interval. , Ms Wilton wilts, fluffing the odd line, towards the end. Ms Atkins is in some danger of becoming type cast as an ageing, harrowed woman. Someone should give her a really funny part.

Patrick Garland directs the piece, as he did last year at the Chichester Festival. What one would like to see is the two stars playing together in a more contemporary script.

Malcolm Rutherford

Ambassadors Theatre, (071) 836 6111

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight and tomorrow: Serge Baudo conducts Netherlands Philharmonic Orchestra and Chorus in works by Saint-Saens and Ravel, with piano soloist Pascal Rogé. Tonight (Kleine Zaal): Tabea Zimmermann viola recital. Wed, Sat, Sun (Kleine Zaal): Borodin Quartet. Thurs, Fri: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Ketting, Stravinsky and Tchaikovsky, with violin soloist Isabelle van Keulen. Sat afternoon: Edo de Waart conducts Radio Philharmonic Orchestra in Schoenberg, Berg and Mahler. Sun: Pinchas Zukerman violin recital. Next Mon: Petr Skvor conducts Pardubice Chamber Orchestra in Schubert, Clara Schumann and Dvorak. Mon (Kleine Zaal): Derek Lee Ragin and Ensemble Florilegium in baroque cantatas and arias (24-hour information service 020-675 4411 ticket reservations 020-671 8345)

Muziektheater Tonight, Fri, next Mon (also Oct 21, 24, 27): Hartmut Haenchen conducts Peter te Nuyl's Netherlands Opera production of Orfeo ed Euridice, with Brian Asawa, Christiane Oelze and Samuel Burkey. Tomorrow, Thurs, Sat, Sun afternoon (in repertory till Oct 31): Dutch National Ballet in William Forsythe's Artifact (020-625 5455)

■ BRUSSELS

Howard Shelley is piano soloist with the Belgian National Orchestra in a Mozart and Schoenberg programme tonight at the Conservatoire. Elisabeth Leonskaya gives a piano recital on Thurs at Studio 4, followed by New London Consort on Sat at Hôtel de Ville. Concerto Palatino gives a concert of renaissance music on Sun at Eglise des Minimes. Pinchas Zukerman gives a recital on Oct 20. Pierre Boulez conducts Orchestre de Paris on Oct 22 (02-507 8200). The next opera production at the Monnaie is Carmen, opening on Oct 20 with Graciela Araya in the title role (02-219 6341)

■ ANTWERP

Antwerp 93 This week's programme includes a concert tonight at deSingel by New Belgian Chamber Orchestra, featuring works by Takemitsu, Schoenberg and Varese; a programme of renaissance church music tomorrow at St Augustinus Church; a Deutsche Kammerphilharmonie programme of Schumann, Veress and Bartok at deSingel on Sat conducted by Heinz Holliger, with violin soloist Thomas Zehetmair; and a recital of violin sonatas by Pinchas Zukerman next Mon.

A Slovenian dance production entitled Noordung can be seen daily from tomorrow till Sun at deSingel (Antwerp 93 information from Grote Markt 29, B-2000 Antwerp, tel 03-226 9300. Tickets from Tele Ticket Service tel 070-233233 or in person at Fnac, Groenplaats, Antwerp.

The box office number at deSingel is 03-248 3800)

Flanders Opera The first production of the season is Otello, conducted by Stefan Soltesz and staged by Gilbert Deflo, with a cast led by Corneliu Murgu, Knut Skram and Elena Filipova. Performances are tonight, Fri, Sun afternoon, next Wed and Sat (03-233 6685)

■ CHICAGO

CHICAGO SYMPHONY

This week's Concerts at Orchestra Hall, conducted by Neeme Järvi, tomorrow, Thurs and Sat evenings, and Fri and Sun afternoons, with music by Tormis, Nielsen and Dvorak. Oct 22: Claudio Abbado conducts Berlin Philharmonic Orchestra. Oct 24: St Petersburg Philharmonic. Oct 31: Leipzig Gewandhaus Orchestra (312-435 6666)

CHICAGO LYRIC OPERA

This month's repertory at Civic Opera House is Massenet's Don Quichotte, Carlisle Floyd's Susannah and Tosca.

The Massenet, with Samuel Ramey and Susanne Mentzer, is conducted by John Nelson and can be seen on Friday, next Monday and next Friday.

The Floyd, with Ramey and Renée Fleming, can be seen tomorrow and on Saturday. Tosca opens on Oct 23, with Maria Ewing (312-332 2244)

■ VIENNA

Staatsoper Riccardo Muti conducts the first of three performances of Le nozze di Figaro on Sun, with a cast including Cecilia Gasdia, William Shimell and Bryn Terfel (repeated Oct 19, 21). Felicity Lott sings the title role in Arabella tomorrow, and there is a performance of Die Zauberflöte on Sat. Cheryl Studer, Agnes Baltsa and Sergei Leiferkus head the cast in a new production of Il trovatore opening on Oct 22, conducted by Zubin Mehta (51444 2955)

Musikverein Tonight's concert features the Kiev Symphony Orchestra is works by Cui, Rimsky-Korsakov and other members of Balakirev's circle. Pinchas Steinberg conducts Austrian Radio Symphony Orchestra on Fri and Sat in works by Khachaturian, Kabalevsky and Rimsky-Korsakov, with violin soloist Yevgeny Bushkov. Sun: Alain Lombard conducts Orchestre National Bordeaux Aquitaine, with piano soloist Bruno leonardo Gelber. Next Mon: Grigori Sokolov piano recital (505 8190)

Konzerthaus Jukka-Pekka Saraste conducts Finnish Radio Symphony Orchestra on Sat and Sun in two programmes including works by Sibelius, Bartok and Stravinsky, with soloists Olli Mustonen and Christian Tetzlaff (712 1211)

■ ZURICH

Opernhaus Tonight and Sat: Eliahu Inbal conducts Nikolaus Lehnhoff's production of Der Prinz von Homburg, with Thomas Hampson. Tomorrow: Bernd Bienert's production of Nutcracker. Thurs: Il barbiere di Siviglia, with Hampson. Sun: Don Carlo with Daniela Dessi, Wolfgang Brendel and Simon Estes. Oct 23: first night of Jonathan Miller's new production of Falstaff (01-262 0909)

Tonhalle Tomorrow: Niklaus Wyss conducts Tonhalle Orchestra in works by Lutoslawski, Chopin and Prokofiev, with piano soloist Vardan Mamikonian. Thurs: Edmond de Stoutz conducts Zurich Chamber Orchestra in Gluck, Mozart, Turina and Milhaud, with violin soloist Latica Honda-Rosenberg (01-261 1600)

Schauspielhaus This month's repertory is dominated by the German-language premiere of Arcadia, Tom Stoppard's new multi-layered comedy, directed by Peter Wood and designed by Carl Toms. This week's performances are tonight, Thurs, Fri and Sat, also daily from Mon to Thurs next week (01-221 2283)

■ GENEVA

Ballet du Grand Théâtre gives a programme of choreographies by Neumeier, Ek and Kylian, daily except Sun till next Tues (022-311 2311). Shura Cherkassky gives a piano recital tomorrow at Victoria Hall (310 9193)

■ WASHINGTON

MUSIC

- Christopher Seaman conducts Baltimore Symphony Orchestra in a Viennese programme at Baltimore's Joseph Meyerhoff Symphony Hall on Fri and Sat evenings, and Sun afternoon (410-783 8000)
- Jazz pianist George Shearing and vocalist Joe Williams give a concert at the Kennedy Center on Wed (202-467 4600)
- Ramsey Lewis and John Pizzarelli and GMU Jazz Ensemble, Fri at Center for the Arts, George Mason University (703-993 8888)
- Barns of Wolf Trap has Pete Kennedy and Maura Boudreau (guitar/vocals) on Thurs, blues and soul band The Holmes Brothers on Fri, pianist and humourist John Eaton on Sat and virtuoso pianists James Tocco and Malinee Peris on Sun (703-218 6500)

THEATRE

- The Triumph of Love: Marivaux's 18th century romantic comedy, translated by James Magruder. Till Nov 7 (Center Stage 410-332 0033)
- In Trousers: the William Finn musical comedy that started the Falsettos trilogy. Till Oct 19 (Source Theater Off Hours 202-232 8012)
- Beau Jest: James Sherman's romantic comedy. Till Oct 24 (Ford's Theater 202-347 4833)
- Two Rooms: Lee Blessing's love story set in the Middle East during the hostage takings of the 1980s. Till Oct 24 (Round House Theater 301-933 9530)
- Richard II: Richard Thomas as the vulnerable king in Shakespeare's historical drama. Till Oct 31 (Shakespeare Theater 202-393 2700)
- Twelfth Night: Shakespeare's romantic comedy directed by Douglas Wager. Till Oct 31 (Fichandler Theater at Arena Stage 202-488 4377)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, *Chicago, Washington.*
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Super Channel: Financial *Times Reports 0630*
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Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Easier said than done

Robert Graham on Italy's privatisation problems

In the European privatisation race, Italy is moving like a tortoise, rather than a hare. In neighbouring France, the government has been able to launch the first of its privatisations – the sale of its shareholdings in Banque Nationale de Paris – within four months of the programme being announced. By contrast Italy's programme for the sale of state stakes throughout industry, banking and insurance, promised since July 1992, is only now beginning to be formalised amid a messy controversy over methods of divestiture.

Just when plans are reaching a critical phase, Mr Paolo Savona, the industry minister, has decided to air differences with colleagues in the government of prime minister Mr Carlo Azeglio Ciampi – especially with the man due to carry out the largest asset sale, Prof Romano Prodi, the head of IRI, the state-holding company.

Differences at the weekend over the way the programme is proceeding obliged Mr Ciampi, the prime minister to take sides. Faced with Prof Prodi's threat of resignation, he chose to slap down Mr Savona who, in turn, promptly resigned. Even if Mr Savona reconsiders, as requested, the incident is an embarrassment for Mr Ciampi.

AP/Reuter

Split: ex-industry minister Paolo Savona and IRI's Romano Prodi

The timing could not be more unfortunate. Details of the sale of two of IRI's large bank holdings – in Credito Italiano and Banca Commerciale Italiana (BCI) – are about to be released. The two banks are pillars of the Italian banking system and the manner in which the disposals are handled will be a test of whether the Italian government has the will to push through a privatisation operation comparable to that of France, UK and Spain.

Superficially the privatisation dispute centres on the means rather than the ends. On the one side is Prof Prodi, backed by the prime minister, who favours a British-style approach – divestiture through a public share offering to encourage wider ownership and ensure a genuine shift of ownership to private sectors via a quoted company. The Italians call it "the public company" route.

On the other side, championed at the week-end by Mr Savona, is the "French solution". This envisages the creation of a core of shareholders clearly responsible for both management and corporate strategy; but which does not exclude the small shareholder.

But reducing the argument to a straight-forward clash of tactics is misleading. Mr Ciampi yesterday insisted his government would approach privatisation on a pragmatic case-by-case basis. He pointed out that Credito, in which IRI holds 67 per cent, was being floated because this was the most suitable means of disposal, while Nouvo Pignone, the gas turbines subsidiary of ENI, the state oil concern, would be sold off by private tender. A decision on the latter could be announced this week.

The Credito and Nuovo Pignone privatisations were announced by the government of Mr Giuliano Amato in September 1992 at the height of the currency crisis, to demonstrate Italy's commitment to liberalising the economy. In the case of Credito, Merril Lynch was hired last October to find a large domestic institution or a foreign buyer to absorb part or all of IRI's holding. None could be tempted to make the right kind of offer.

That forced a change of tactics by Prof Prodi last month when he opted for a public share offering, a policy backed by the government. Details are expected this week and yesterday the board met to approve a change in the bank's statutes.

Thus privatisation policy, to the confusion of many, has been marked by changing ideas dictated more by circumstance than ideology. A consequence is that it would be wrong to assume the government is prepared to relinquish all forms of control in cases where it opts for a public share offering rather than a trade sale.

The government has kept discretionary powers, through a decree on September 24, when floating shares in utilities, banks and insurance companies. In effect, the government can encourage the formation of a core or syndicate of friendly shareholders to protect the national interest or the perceived interests of the company being floated. Or, it could create a golden share.

So what is all the fuss about? The clues lie in the murky world of politics. Powerful lobbies are at work and the old guard politicians, no matter how discredited by scandals, are reluctant to relinquish control of the public sector after so many years treating it as a play-ground for patronage. These lobbies were well-concealed until Mr Ciampi's technocratic government, which still has the formal backing of the old Christian Democrat-led four-party coalition.

But last week Prof Prodi talked of flotation through a public company as "a once-and for-all opportunity to encourage economic pluralism" in a economy dominated by four or five big groups in the state and private sector.

In response, Mr Giorgio La Malfa, a former leader of the Republican Party, said: "Behind all the talk of privatisation, over which Prodi is the undisputed master, lies a clear desire by the left wing of the Christian Democrat Party to maintain control over the public companies."

Mr La Malfa maintains a public share offering would probably leave unclear who will actually manage the company. This, he argues, will make it all to easy for the old politically-appointed managements to retain control. In the case of the banking system, such control would give the Christian Democrats a powerful instrument to help their revival.

Prof Prodi considers himself a technocrat but has also been close to some Christian Democrats. Before the Ciampi government was formed in May, he was the Christian Democrats' choice for the premiership. Now at IRI, he has considerable powers of patronage and it is no secret that Mr Gianni Locatelli, the new head of the Rai state broadcasting corporation, was his choice.

The manoeuvrings are not one-sided and many would see the anti-Prodi camp as backing the ambitions of Mediobanca, the Milan merchant bank, which is believed to want control of BCI. Observers say Mediobanca has nursed ambitions of creating a northern Italian financial powerhouse combining its own talents with those of BCI. Equally, the impending privatisation of BCI and Credito casts a doubt over Mediobanca's future.

Until now, Mediobanca's independence has been assured through a shareholding arrangement controlled by Credito, BCI and Banca di Roma – all IRIR-run financial institutions. Privatisation of BCI and Credito could upset this.

The differences are not irreconcilable. The present squabble is a jockeying for position to ensure that there are gains for all those who would benefit from state sell-offs. However, this does not encourage transparency; nor does political wrangling encourage investors to move away from their safe holdings in Treasury bills to the stockmarket and riskier privatisation issues.

Joe Rogaly

The patter of tiny ideas

The hot-air balloon launched by the Conservatives at Blackpool last week must be shot down before it reaches Whitehall. The blather of right-wing quackery is dangerous. The spectacle of ministers who know better ranting against picayune enemies, real and imagined, is demeaning. Worse, it confirms that the government has run out of serious ideas.

I am not disputing the political force of attacks on foreigners, welfare cheats, criminals, pornographers, single parents, and trendy teachers. Adverse comments on classroom practice have even appeared in this space. Elderly voters do like to hear about the regrettable tendency of society to deteriorate since we moved films of it from black-and-white to technicolour. But rhetoric of the Blackpool kind is too easy. It is practised on the soap boxes at Hyde Park corner. Any taxi-driver can do it. The only difference is that the average cabbie's patter has more intellectual coherence than some of the calculated demagoguery of Messrs Michael Howard, Peter Lilley, John Patten and, regrettably, Sir George Young – not to mention the prime minister.

There is, however, no justice. The trick may work. We have learned from the United States that an appeal to the ill-informed emotional sensibilities of the "moral majority" – Mr Michael Portillo calls it the "decent majority" – can be a powerful weapon in populist hands. More to the point, many of the propositions advanced at Blackpool contain a kernel of validity. When Mr Portillo gives them support by arguing in favour of individual responsibility they sound cogent. No wonder the Stupid Party was swept along.

The whole is, however, less than the sum of the parts. If the social policy promises of Blackpool were to be delivered, little difference would be made to the lives of most people in the United Kingdom. The Tories would merely have cemented their core vote by inflicting unhappiness on a few miscreants or unfortunates, some of whom may deserve such a fate, and many who would not. Meanwhile attention would be diverted from the real problems of fostering employment, stimulating a competitive economy, and trying to avoid the destruction of the upper atmosphere.

For example, the secretary for social security, Mr Peter Lilley blasted out in pure tabloidese that "it made my blood boil this summer to read of foreign drug addicts feeding their habit by milking our benefits". This sounded like the prelude to something big. Mr Lilley's actual rule-change, promulgated on August 2, may affect 10,000 foreign visitors, an unknown proportion of whom are drug addicts. There are some 5m British recipients of income support. The cash saving is put at £17m a year. Another rule-change, on housing benefit, is expected to save £50m; a delay to benefits applications by EC nationals will save an unspecified further amount. Set against a social security budget of £70bn these are marginal sums. They may help but the facts do not justify their use as a smokescreen for the government's failure to resolve larger issues, such as the future of indigenous social support.

The Tory right will admit of no social cause of wrong-doing beyond the absence of fathers

Next, law and order. "I am going to take action. Tough action," boasted Mr Howard. It is hard to name one of the home secretary's 27 announcements that will reduce the number of crimes committed. He himself would demur if asked to estimate the likely effect of his package on the spectacular rise in indictable offences. Punishing criminals, which is the essence of his approach, is a tiny niche in the crime control market. The official British crime survey suggests that close to 10m misdemeanours were committed in 1991. Half were reported to the police, who recorded 60 per cent of those reported. In England and Wales the police found some evidence against the perpetrators of fewer than a third of the crimes they recorded. The number of offenders "dealt with" – formally cautioned, fined or imprisoned – constituted a tiny fraction, about a sixtieth, of the number of offences.

The Home Office expects the prison population to grow from around 47,000 now to some 60,000 at the turn of the century. Mr Howard should set the latter figure against 10m crimes and rising. Perhaps he will then stop pretending that the success of his policies will be determined by the growth in the number of persons incarcerated. Mr Tony Blair, Labour's shadow home secretary, has the superior slogan: "Tough on crime, and tough on the causes of crime." The Tory right will admit of no social cause of wrong-doing beyond the absence of fathers.

Mr Howard delivered a second, less rabble-rousing, speech in Blackpool. He argued, more closely than he might have done in the conference hall, for the superiority of the two-parent family. "Does anyone seriously believe that a bit more cash – even if we could afford it – could even remotely make up for no father?" he asked. Every minister had his bit to do to reinforce a sense of responsibility in individuals. Along came the usually thoughtful minister of housing, Sir George Young, to ask: "How do we explain to the young couple ... who want to wait for a home before they start a family ... that they cannot be rehoused ahead of the unmarried teenager expecting her first, probably unplanned child?"

Perhaps by acknowledging, first, that whatever the young mother's motives, the child now exists and needs housing, and, second, that the problem, though real, has been greatly exaggerated. The Institute of Housing, which represents managers of local authority and housing association properties, published survey results last week which indicated that only two out of 30 housing authorities questioned reported a high incidence of homeless teenage mothers. You can tell if anyone speaking about family policy is serious by noting whether care is taken to separate the divorced, formerly-partnered and widowed majority of one-parent households from those in which there never has been a stable relationship. Even then, ask how many teenage mothers stay home with their parents.

In short, these matters, important in themselves, are not significant aspects of a national policy. Exciting a crowd of ignorant pensioners in a Blackpool hall is no substitute for a programme of government action. Conservatives will continue to dodge the really important questions until they enjoy a spell of opposition.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Significant trade source

From Mr Ben Coleman.

Sir, Andrew Stone (Letters, October 7) is right to claim that British trade with Israel is significant. A survey we have just published of small and medium-sized exporters in south-east England reveals that almost a third as many trade with Israel (9.4 per cent) as with the rest of the Middle East (26.2 per cent).

Furthermore, almost as many have plans for Israel (4.4 per cent) as for the rest of the Middle East (5.3 per cent). As the survey was undertaken before the recent peace agreement, this figure is likely to prove even higher in reality.

Ben Coleman,
European business unit,
Stoy Hayward Consulting,
8 Baker Street,
London W1M 1DA

The hardest part of managing funds

From Mr Joseph Rosen.

Sir, I must take issue with Mr Alan Greenhorn's somewhat odd and perhaps disingenuous statement in your Risk and Reward column of October 4 ("Setback for active quantitative fund management sector") that "performance measurement is the most difficult aspect of fund management". Is not generating performance the most difficult – not to mention important – aspect of fund management?

The mutual funds industry (unit trusts in your parlance) learnt long ago how to measure quite accurately its performance, even with the complications due to large daily cash flows in and out from many thousands, if not millions, of customers. One hopes that Mr Greenhorn in fact is confusing performance measurement with performance attribution and benchmarking.

On this we do agree that "new forms of measurement are needed" when it comes to relative, as opposed to absolute, performance, particularly for non-traditional types of funds.

Joseph Rosen,
managing director,
Enterprise Technology Corporation,
305 Madison Avenue,
New York, NY 10165,
US

Pattern of business failures

From Mr Gordon Harrow.

Sir, Your report "Receiverships at lowest level for four years" (October 6) draws some misleading conclusions from the latest figures on receivership levels.

In my experience with small businesses particularly, there is no conscious reluctance to expand as we emerge from recession, but rather a suspicion that the recovery might not be sustained.

Once this suspicion is dispelled, there is the danger that the "normal" situation will prevail and business failures increase.

It is the responsibility of business advisers to ensure that their clients follow a sensible policy, something which was lacking in past economic recoveries.

The "rescue" facilities within the British insolvency system have been with us throughout the recession. It is only recently that preferential and many secured creditors have come to realise that they stand to lose less by supporting voluntary arrangements than forcing a company out of business. Greater publicity of late has created more awareness of this facility with both creditors and debtors.

The length and severity of the recession has resulted in the closure this year of those companies which were either poorly managed, badly advised or most exposed to a reduction in business. A drop in failure levels at some stage is inevitable – there are not so many left!

Gordon Harrow,
1 Falmouth Close,
Camberley,
Surrey GU15 1EA

Control tests

From Mr James Poole.

Sir, There is one over-riding reason to support an auditors' review of internal controls in company reporting (Letters October 8). Computerised accounting and management information systems have transferred more control of financial reporting back to companies. As cases against auditors in recent years have revealed, auditors have to rely on these internal systems. Imposing some formal standards for companies to test these assumptions is clearly essential if the circle of assurance for investors and others is to be closed. What still needs to be tested is whether the proposed standard is adequate for this task.

James Poole,
18 Canonbury Park South,
London N1 2JJ

Hollinger sale of Trinity

From J A Boultbee.

Sir, In your article of September 15 ("Company News") concerning Trinity International Holdings, you refer to Mr Conrad Black as a "disgruntled shareholder" and imply that the Trinity shares held originally by Hollinger Inc and later The Telegraph plc were sold because Trinity "rebuffed Mr Black's overtures for a seat on the board".

Hollinger Inc originally purchased shares in Trinity International with the intention of eventually deciding whether or not to attempt to take control. Notwithstanding the limited voting status of the shares, Hollinger always believed that control could be achieved by virtue of the fact that the limited voting shares did have the right to vote on any motion to sell all of the assets of Trinity or to wind up the company. A significant shareholder, such as Hollinger was, could have called a shareholder meeting and put such matters to a vote.

We sold the interest in Trinity because the share price had risen and we believed that any bid to acquire majority ownership would be overly expensive and also because of the purchase of an interest in Southam Inc. In addition to the sale of the Trinity interest generating funding for the Southam interest, the concentration of ownership of newspapers in British Columbia among Hollinger Inc, Southam Inc and Trinity International would likely have posed problems for the Hollinger Group under the Canadian Competition Act.

J A Boultbee,
vice president, finance and treasury,
Hollinger Inc,
10 Toronto Street,
Toronto, Canada M3C 2B7

Customers' needs priority in telephone banking

From Mr Graham Gould.

Sir, Unusually, Lex has missed the point in the column about telephone banking (October 4). Lex raised the issue of whether "the efficiency advantage of a low-cost transaction service outweighs the cost of foregoing some of the profits from cheap retail deposits".

To be successful in telephone banking – or the provision of any other financial service by telephone – the operation has to be built around the customers' needs, not the short-term operating needs of the bank. It is a strategic not a tactical investment.

By building the service around what customers want – such as long hours, responsive service, simple products – a different type of banking will be created. This will be profitable as more and more customers appreciate its advantages and profits are generated in new ways.

Direct Line and ShareLink have demonstrated this in their own market sectors. If the success of First Direct were measured in long-term value created for Midland Bank's shareholders, I suspect the picture would already be very positive.

Bolting on operations, as NatWest and Barclays have done, cannot work in the long term. Bolting on such operations means that they are built from what currently exists, not from what the customer wants.

As a customer of one of these operations, I was not pleased when both my personal contacts at the bank were promoted simultaneously and two anonymous people assigned to my account. This is something that could not happen in a customer-focused operation, but which could happen easily in a clearing bank.

Thinking of the opportunities created by the telephone for the provision of new services in terms of the impact it may have on cheap retail deposits is precisely what has caused the clearing banks to distance themselves from real customers' needs and has created opportunities for innovative new suppliers, such as First Direct and ShareLink, to enter the market.

Graham Gould,
partner,
Coba-Mid,
4 Great James Street,
London WC1N 3DA

Sell direct

From Mr A R Russell.

Sir, Your article on the coffee bean surplus ("Fight over a hill o' beans", October 1) highlighted a serious problem for coffee exporting countries. The article on the consumers' switch to private label brands ("A rose by any other name", October 6) may offer a partial solution. Part of the growers' complaint is that, in spite of a surplus of coffee beans, the price to the end consumer does not reflect the true cost of the raw material.

Growers should take advantage of consumers dropping their brand loyalties and start processing their own products and selling direct to supermarkets in consuming countries.

A R Russell,
17 Norfolk Park Cottages,
Maidenhead, Berkshire

FINANCIAL TIMES
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Tuesday October 12 1993

A questionable comeback

BLESSED BY 47 per cent of the vote in Sunday's Greek elections, Mr Andreas Papandreou has achieved one of the most spectacular comebacks in postwar European politics. Unless he shows more wisdom than during his prime ministership in 1981-89, his return could prove uncomfortable, costly and divisive – for Greece and its Community partners.

What counts most against the 74-year-old leader of the Panhellenic Socialist Movement is not age and poor health. Konrad Adenauer was only a year younger when he became West German chancellor in 1949, and Ronald Reagan was four years older when he left office in 1989. The chief reason for scepticism about Greece's prime minister-elect lies in his 1980s track record of economic mismanagement. Mr Papandreou's policies were the main reason why – in contrast to Spanish and Portuguese experience – Greece during the 1980s suffered a fall in prosperity compared with the EC average. Mr Papandreou has toned down his left-wing radicalism. Yet it is not clear that he has drawn the necessary lessons from his previous period in power.

Mr Papandreou has profited from the unpopularity of austerity measures taken by his successor, Mr Constantine Mitsotakis, to correct his own legacy of high public sector debts and deficits. But during the election campaign he showered voters with self-contradictory pledges to avoid new taxes while promising full employment and low inflation. At the same time, he ducked the urgent question of how to modernise Greece's uncompetitive industry and inefficient public administration.

Now that he has won, Mr Papandreou will have to set priorities. The most urgent is to fill holes in the budget caused by recession, tax evasion, and delays in the privatisation programme, which he has pledged to end. This year's budget deficit is projected at 13 per cent of gross domestic product, 3 points higher than targeted. Inflation, at an underlying rate of 13.5 per cent, is grotesquely out of line with EC levels.

In foreign policy, too, there is reason for disquiet. In less than three months, Greece takes over the presidency of the Community at a crucial time in negotiations on enlarging EC membership. Greece's refusal to allow formal EC recognition of neighbouring Macedonia has already irked its partners. Mr Papandreou has taken a much more nationalist line over Macedonia than Mr Mitsotakis, whose relative moderation added to his electoral problems. Difficulties in establishing a coherent Community policy on the Balkans will increase if Mr Papandreou maintains opposition to UN-sponsored talks with the former Yugoslav province.

Greece's blocking of EC aid to Macedonia under the Community's eastern European Phare programme is particularly misplaced. Annual transfers from the EC make up 5 per cent of Greek GDP. Formal EC monitoring of the Greek economy, put into place in 1991 after the granting of a Community loan, has now lapsed.

Mr Papandreou's campaign promises suggest that Greece is likely to remain heavily dependent upon external finance, including that provided under Community structural funds. These disbursements should be made conditional upon Greece meeting appropriate economic targets. The Community is rightly setting exacting standards for the eastern and central European countries queueing to join. Greece, as an established member, should expect no less rigour.

Chunnel lessons

WHEN THE Channel tunnel officially opens next May, the project will be nearly a year late and its cost of £8.8bn almost double the original estimate. The construction has been dogged by disputes between Eurotunnel, the operator, and TML, the contractor. Eurotunnel shareholders will also have been asked twice to stump up extra cash. The impression of financial disorder in what was billed as a flagship of free enterprise is such that some observers are asking whether it would not have been better to leave the project to the public sector.

Such a conclusion would be wrong. First, it is not clear that Eurotunnel has been such a bad investment. Much will depend on how much traffic it carries, but the initial shareholders show a modest if unexciting gain on their investment at yesterday's closing price of 488p. Second, it is almost certain that the public sector would have done worse in keeping costs under control. It is hard to believe that Department of Transport civil servants would have harried the contractors with the same vigour as Sir Alastair Morton, Eurotunnel's abrasive chief executive.

However, lessons can be learnt from the Eurotunnel experience. Doing so is also necessary, given the UK government's intention of attracting private finance for a range of traditionally public sector investments such as roads, railways, prisons and hospitals.

One lesson is that it is worth the government taking a bit more time and spending a bit more money defining projects up-front. With the Channel tunnel, failure to do so meant the operating franchise was awarded to a group of construction companies. When they floated Eurotunnel off, it was already saddled with construction contracts with the original promoters – a structure which has been blamed for many of the subsequent disputes. It would have been better to have started with an operator capable of negotiating its own contracts. But to achieve that, the government would probably have had to prime the pump.

Another lesson is that it may not be efficient to transfer all the risk of infrastructure projects to the private sector, particularly where the government itself is the source of uncertainty. In Eurotunnel's case, the UK government's sluggishness in building more rail and road links to the tunnel and a tightening of safety regulations have all reduced the project's financial attraction. If the government indemnified private contractors for such political and regulatory risks, it would have an incentive to keep them to the minimum.

Inglorious exit

PRESIDENT CLINTON may think he has found a face-saving way to extricate US forces from Somalia by launching a fresh diplomatic initiative, while at the same time setting a March deadline for a US troop withdrawal. But he is deluding himself if he believes he is also saving Somalia. In setting a withdrawal deadline, Mr Clinton is responding to domestic pressures, but the policy may contain the seeds of its own failure. The warlords at the heart of the conflict are unlikely to take part in good faith if the most powerful sanction enforcing their good behaviour is of such short duration. In the unlikely event that an agreement does emerge, UN troops will be unable to enforce it without a powerful US component.

The difficulties besetting the UN operation in Somalia result from the confused objectives of its participants. When President George Bush sent US troops there last December, the full implications of what was intended as a humanitarian mission were not taken into account. UN forces have been successful in feeding hungry Somalis and in restoring stability in many parts of the country. But Somalia remains deeply divided along regional and clan lines, and still needs international help to ensure its shattered society does not sink back into civil conflict. That necessitates a political negotiating framework with military support in disarming rival factions and creating a secure environment.

President Clinton's call for a diplomatic initiative – in particular, for the resumption of talks between a broad cross-section of Somali groups that collapsed in Addis Ababa in March – deserves support, but comes perilously late in the day. If there is to be any chance of success, the UN force must first ensure the conference takes place in an atmosphere free of fear and intimidation. Gen Aideed and other military leaders will ultimately have to be present – but only after their armies have been assembled and disarmed under UN supervision.

Such an effort requires a continuing US presence on the ground, and a clear UN strategy. In the past few days, however, the confusion surrounding US policy has only deepened. Washington has vacillated between pursuing its efforts to capture Gen Aideed and charge him with responsibility for the deaths of UN soldiers on the one hand, and accepting his shrewdly timed introduction at the weekend of a ceasefire on the other.

The general's offer could yet provide an opportunity to salvage what has turned out to be a disastrous intervention – but only if President Clinton uses it as a means to accelerate political negotiations, not as a pretext for premature withdrawal.

Nourishment for an infant industry

Medics increasingly see value in nutritional supplements – unlike many big drugs companies, says **Clive Cookson**

Nutritional supplements are fast becoming a fad in orthodox medical circles. Doctors who 10 years ago would have been scornful of healthy adults taking vitamin pills, evening primrose or fish oil are today recommending them enthusiastically to protect against cancer, heart disease and other common ailments.

A steady stream of clinical trials is showing that food supplements can bring health benefits to a wide range of people – and not just to patients suffering from rare nutritional deficits. During the 1980s, evidence accumulated that regular consumption of fish oil reduced heart attacks and that evening primrose oil could treat a variety of disorders from pre-menstrual pain to eczema.

The spotlight in the 1990s has fallen above all on the so-called "anti-oxidant" supplements such as vitamins C and E, which suppress natural chemical reactions that damage cells in the body.

"Over the past three years there has been a tremendous shift in knowledge and opinion about anti-oxidants," says Professor Anthony Diplock, head of biochemistry at Guy's Hospital, London. "There's now a quite massive body of evidence, largely epidemiological, that these nutrients can reduce the incidence of cardiovascular disease, some forms of cancer and also cataracts."

Hundreds of studies over the past decade have shown a strong link between diet and disease – for example, that eating plenty of fruit and vegetables helps to prevent cancer and that consumption of fish reduces heart disease. What is new is the convincing evidence that nutritional supplements, in the form of pills and capsules, can reinforce the beneficial effect of a healthy diet.

This summer the Harvard School of Public Health published an epidemiological study of 120,000 nurses and doctors which showed that taking additional vitamin E for at least two years cut the risk of heart disease by about 40 per cent. And last month a US-Chinese study of 30,000 people in rural China found a 13 per cent reduction in cancer deaths among those who took anti-oxidant supplements over five years.

Such evidence is likely to fuel the growth of the nutritional supplement market, which is already worth about $5bn worldwide and expanding by 10 per cent a year. (Good international estimates are hard to come by – partly because the boundaries between nutritional supplements and foods on the one hand and medicines on the other vary around the world.)

Statistics for the UK, based on figures from manufacturers and market research companies, show sales of health supplements up 12.5 per cent last year to £215m. Evening primrose oil grew fastest – up 80 per cent to £32m.

The proportion of the adult population taking supplements has risen from 19 per cent in 1986 to 32 per cent now, says Mr Alan Clements, marketing director of Seven Seas, the leading UK brand.

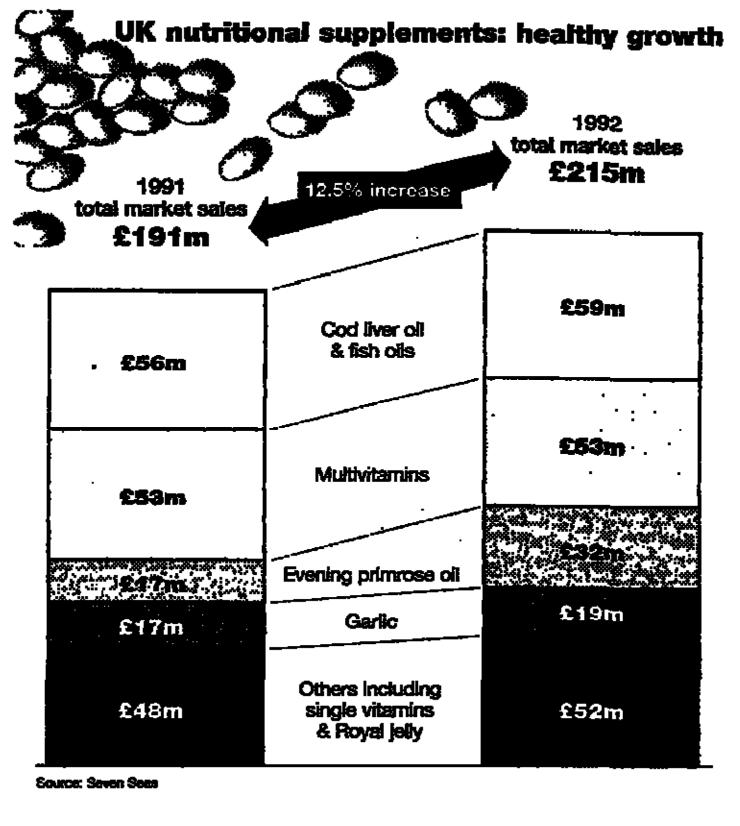
Yet the orthodox pharmaceutical industry continues to keep its distance from nutritional supplements and shows little interest in turning them into prescription drugs. Indeed the whole thrust of pharmaceutical research today is in the opposite direction. Most synthetic drugs are designed to block one specific biochemical process in the body, whereas supplements achieve a wide-ranging effect by making up for a natural chemical deficit.

One reason why drug companies prefer synthetic chemicals to natural products is that their patent protection is far more secure. Another is that licensing regulations are more clear-cut for straightforward medicines than they are on the borderline between drugs and food supplements – where there are still radical differences between national policies even within the EC.

Roche of Switzerland is the exception among the pharmaceutical giants. It manufactures vitamins in bulk for other companies and also sells them itself as food supplements and medicines. In 1992 Roche's vitamin sales rose by 13 per cent to $1.6bn. Roche has an active research programme developing drugs from vitamins, including powerful new treatments for acne and other skin disease based on chemical derivatives of vitamin A.

Apart from Roche, the world supplements industry consists mainly of relatively small companies concentrating on national or regional markets. Very few have the financial resources or the management expertise to develop new drugs from their products, although these would give them a substantial new revenue stream from essentially the same ingredients; even with the current pressure on pharmaceutical prices, drugs have larger profit margins than food supplements.

A striking exception here is Scotia, an emerging pharmaceuticals company that is being floated on the London stock market later this month with an expected capitalisation of £160m. Dr David Horrobin founded the company in 1979 with the strategy of selling evening primrose oil as a nutritional supplement – promoted by clinical studies showing its wide-ranging health benefits – and ploughing the profits into drug development.



Source: Seven Seas

Scotia now has two prescription drugs based on "essential fatty acids" extracted from seeds of the evening primrose; they are licensed for treating breast pain and the skin disorder, eczema. Others in advanced clinical trials include drugs for cancer, complications of diabetes, arthritis and blocked arteries.

Dr Horrobin concedes that some doctors are occasionally suspicious of Scotia because apparently different medical problems can be treated with very similar drugs. But he points out two things. "First, each fatty acid has highly specific actions, and small differences in structure can lead to dramatically different effects," he says. "Second, the n-6 family of fatty acids, which are found in evening primrose and other oils, are essential for the structure and function of every cell membrane in the body. Thus shortages or imbalances of those fatty acids can disturb the function of every tissue, leading to a diverse range of symptoms."

The other group of essential fatty acids, the n-3 family, is particularly important in the brain, the heart and blood circulation and the regulation of inflammation. Fish oil is the main source of n-3 fatty acids.

The only medicine in the UK based on fish oil is Maxepa, for which Seven Seas, a Hanson subsidiary, received a licence in 1987. Doctors can prescribe it for lowering the level of harmful fats in the blood.

Sales of Maxepa are relatively modest – about £2m a year in the UK, compared with £20m a year for the company's fish oil supplements. But Seven Seas, unlike Scotia, does not want to change from being primarily a supplements manufacturer to a drug company, says Mr Clements. "Scotia is an R&D-based company, while we're really a marketing company that is more suited to the consumer marketplace."

Compared with synthetic chemicals, medicines based on nutritional supplements tend to be slow and gentle in their effects. That can make it hard to satisfy regulatory authorities of their effectiveness in small-scale clinical trials.

Scotia, for example, put in a licensing application for Efabetic, its proposed treatment for nerve damage caused by diabetes, on the basis of a trial with 111 patients. It led to a statistically significant improvement, but the UK Medicines Control Agency told the company that "convincing efficacy had still not been demonstrated on a sufficiently large number of patients". Scotia is now sponsoring further clinical trials and hopes to submit a new application late next year with data from 400 patients.

The barrier is just as high in the US. One company trying to overcome it is La Haye Laboratories of Redmond, Washington – founded in 1986 with a somewhat similar strategy to Scotia in the UK. It sells Icaps Plus, a mixture of anti-oxidant vitamins and minerals, as a nutritional supplement, and has a similar but more powerful blend in the final phase of clinical trials for treating two eye diseases.

"I believe it will be the first nutritional product approved [as a drug] by the Food and Drug Administration," says Mr Larry Laks, the company's executive vice-president. La Haye is taking no chances; its clinical trials involve 2,400 patients.

In addition to the epidemiological evidence, scientists are beginning to understand how anti-oxidants work "at the basic molecular level", Prof Diplock says. In very simple terms, they destroy "free radicals" – reactive molecules which can damage cells and trigger diseases.

And, even if they do you no good, most supplements are unlikely to cause any harm. Prof Diplock, who has just completed a scientific review of all the safety evidence on vitamin E, found that it had no adverse effects even at doses of 3 grammes a day – 300 times the US recommended daily allowance.

As the chorus of medical voices singing the praises of vitamins and nutritional supplements grows, the industry seems certain to expand rapidly. At the same time, it may attract more attention from other large pharmaceutical companies looking for a source of safe new drugs.

Unified Germany no drag on Europe

PERSONAL VIEW

The unification of Germany would not have been possible without the help and support of our partners in the west. Our neighbours, too, have felt the effects of unification in various ways, politically as well as economically: unification initially generated a surge in growth for our EC partners amounting to 1 per cent of their gross national product in 1990-1991.

But since then, the economic consequences of German unification have become, for some, a cause for dissension. German unity is being blamed for high interest rates and flagging growth in Europe.

Is there any substance to these allegations? One fact is that Germany now has to transfer internally, from west to east, at least 5 per cent of its gross domestic product each year. In spite of savings of DM30bn-DM40bn in the federal budget since 1989, equal to about 1.5 per cent of GDP a year, this has pushed the general government deficit up to 4-4.5 per cent of GDP (using the internationally comparable national accounts definition); the deficit amounts to between 5.5-6 per cent of GDP if one includes Germany's future commitments in assuming the debt of the Treuhandanstalt and the German railways.

But it is also a fact that countries such as Belgium, the UK, Italy or Sweden have higher public sector deficits without having undergone such an unprecedented task as reunification. There are other countries that have run continuously high deficits for a decade or more, whereas Germany managed to realise a moderate fiscal surplus in 1989, the year of unification.

The decisive fact is that Germany is now putting into effect, through legislation, a consolidation strategy that will bring down fiscal deficits within a clear time-frame. Regional and local governments have now joined the federal government in following this course. Annual expenditure growth is to be held to about 3 per cent up to 1997. This is exactly half of the projected rise in nominal GDP over the same period.

Among the leading industrial countries, Germany is making the greatest effort to cut its deficit. According to the International Monetary Fund's most recent estimates, Germany's structural budget position (including the deficits of Treuhandanstalt and the railways) will improve by about 5 per cent of GDP between 1991 and 1995. No other Group of Seven country is making a comparable consolidation effort in such a short period of time. Of course, as a result of the weak economy, the improvement in the structural budget has been partly offset by a deterioration in the cyclical component of the fiscal balance, but by 1996 we expect an actual aggregate government deficit of 2 per cent of GDP.

Our strategy is already paying off. We have put the phase of high interest rates well behind us

And we are not overly optimistic in our assumptions: we have based our medium-term planning on a real average annual growth rate of 3 per cent. Of this, about half a percentage point a year is attributable to the disproportionate rise expected in east Germany. By assuming about 2.5 per cent annual growth for west Germany we are staying on the safe side, in line with most international projections.

We have not been dragging our feet in dealing with our financial problems; indeed, individuals and enterprises in Germany have been called upon to pay additional taxes and other fiscal charges amounting to some 3.5 per cent of GDP annually. This is also evidence of our efforts to avoid shifting the burden on to our neighbours' shoulders, for what we can finance at home from additional revenue will not weigh down international capital markets.

Our strategy is already paying off. We have put the phase of high interest rates in Germany well behind us. Over the past 12 months, money market rates have declined by 3 percentage points. Bond yields have fallen by almost the same amount, and at below 6 per cent are now appreciably below their long-term average of 7 per cent.

Germany is not the "lame duck" of the world economy either. Measured over the period 1989-1993, aggregate real growth in Germany at 11 per cent has been more than one-fifth higher than the G7 average. The recession in Germany is so pronounced because the preceding boom was so much more vigorous.

We are also aware of Germany's need for structural improvement. Germany is one of the first industrial countries to have launched a comprehensive government programme, adopted by the cabinet a few weeks ago, that contains a far-reaching assessment of the situation and a broad catalogue of action. Germany is still prepared to work hard and to get to grips with its problems. And we will continue to do this in co-operation with our friends and neighbours in Europe and throughout the world.

Theo Waigel

The author is Germany's minister of finance

OBSERVER

Party time for Brunner

Manfred Brunner, former chef de *cabinet to Martin Bangemann*, the senior German commissioner, had been attending a machine tool trade fair in Frankfurt when his sniping at the process of European union came to the attention of Helmut Kohl back in Bonn.

"I attacked the Maastricht treaty saying it was against the constitution because it held democracy in contempt," he recalls. "I was told I could not say anything else, or I would lose my job."

So he signed a call for a referendum in Germany, and sent a copy to Bangemann with his letter of resignation.

Today marks the culmination of his campaign, as the constitutional court in Karlsruhe decides on his legal challenge to the treaty.

He is certainly out of pocket for his efforts. While the challenge to the court costs nothing, he has had to find some DM100,000 for legal opinions, not to mention the loss of his Brussels job.

As leader of the minority Free Democratic party in Bavaria for several years in the 1980s, Brunner is used to being a loser. But if he does not get his way in court, he will not necessarily give in.

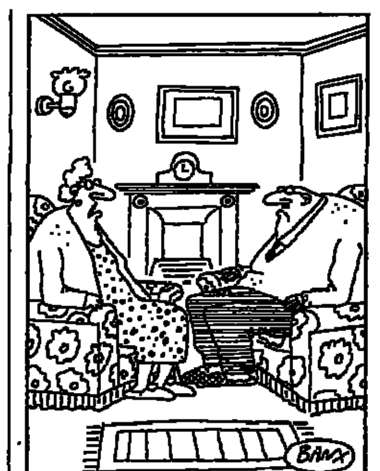
Watch out for a new political party, probably the "D-Mark party", that would campaign in next year's European parliament elections. Given that 71 per cent of the German population said they did not want to swap the D-Mark for the Ecu, at the last count, could he be on to a winner at last?

Memory lane

■ France's Madame Thatcher is not to be outdone. Her disastrous 10½ months in office may provide rather less fodder for the historians than Thatcher's 11-year reign, but that has not stopped the publication of a biography of former socialist prime minister Edith Cresson, attempting to explain her downfall in terms of an evil male-inspired conspiracy.

In *Edith Cresson, la femme piégée*, (the trapped woman), Nouvel Observateur journalist Elisabeth Schemla lays into the likes of Stéphane Collaro from the French version of Spitting Image. In the so-called Bébête Show, Cresson, whose puppet acted a brainless upmarket tart, was dubbed "as useless as a suitcase without a handle".

Collaro is unrepentant, pointing to the damage she brought upon herself by ill-guarded remarks, such as asserting that a quarter of British men were homosexual. Jacques Juillard, deputy director of the Nouvel Observateur, who called her the *dame de fer blanc* (tin plate lady) says she failed to understand the rules of the game, one of which is that the French want political figures they can respect. Such as health minister Simone Veil, whose maternal demeanour keeps her well above such spats between the genders?



'Incidentally, I'm leaving you out of my memoirs'

Star stuck

■ The British, it seems, are even isolated from their continental cousins when it comes to pop culture. Swiss mini-media mogul Jürg Marquard, who yesterday revealed the scale of his holdings for the first time, wants to launch a British version of his wildly successful pop music, film and fashion weekly, Popcorn. But he is nervous because of the significant differences in pop tastes between Britain and the Continent.

Popcorn appears in German, Spanish, Hungarian, Polish, Bulgarian, Rumanian and Russian versions, with a combined circulation of over 1.1m. Marquard says he can use much the same material in all of them, because youth in these countries all follow the same stars. "But in Britain you have a weird music scene," claimed the self-made entrepreneur, before driving back to Zug in his vintage white Roller.

Hand in glove

■ Kenneth Clarke's pre-Budget insouciance continues to astound. Far from hiding away with a wet towel around his head, Clarke is off tonight to the Mansion House to address a fine, but less than mainstream, gathering, the Worshipful Company of Glovers.

Observer presumes Clarke will speak off the cuff at the annual banquet of the 609-year-old livery company, but he should not omit to congratulate one corner of the rag trade that has handled recession fairly well.

John Wood, a Tory party activist who lives in Clarke's Nottinghamshire constituency, is probably the first "master" to secure a chancellor for the event. But the chairman of Ilkeston-based fabric company W. Ball and Son has known Clarke for a good 25 years and says he stands out as a "good, steady" local politician.

Well done the chancellor, who obviously has one section of British industry in the palm of his hand.

Greek to me

■ Andreas Papandreou, the newly elected Greek prime minister, has an astrologer among his advisers and his wife Dimitra, a former Olympic Airways stewardess, is a firm believer in the irrational. Could this be why Papandreou failed to produce a cabinet list the day after his Panhellenic Socialist Movement won a resounding victory in Greece's general election?

Issuing the names yesterday would have meant swearing in the new cabinet on a Tuesday – unlucky in Greek eyes, because that was the day Constantinople fell to the Turks in 1453. Nor would Wednesday October 13 quite do. With the Socialists in power, decision-making in Greece is obviously slowing still further.

In the pink

■ With this year's public spending round apparently spilling blood on the Whitehall carpets, it is surely appropriate that the Treasury has changed the cover of its weekly booklet of economic indicators from yellow to a lurid red. The change is "to brighten up" the publication.

FINANCIAL TIMES
Tuesday October 12 1993

Territorial dispute dogs Yeltsin's visit to Japan

By William Dawkins in Tokyo

MR Boris Yeltsin, the Russian president, arrived in Tokyo late last night amid a chorus of criticism from opposition politicians and the press.

Mr Yeltsin, leaving Russia for the first time since quelling last week's violent rebellion, will today meet Mr Morihiro Hosokawa, the prime minister, for the first of three discussions before departing tomorrow afternoon.

Japanese security has called 10,000 riot police to Tokyo in anticipation of nationalist demonstrations against Mr Yeltsin's perceived intransigence over four islands north of Japan, occupied by Soviet troops at the end of the second world war, an issue the visit is not expected to resolve. About 300 loudspeaker trucks are expected to approach the Russian embassy and other parts of central Tokyo today to broadcast insults to Mr Yeltsin.

Opposition to the visit extends to the moderate rightwing Liberal Democratic party, which plans to issue a tough statement condemning Mr Yeltsin's use of the army against parliamentary rebels. Several LDP members of parliament have promised to boycott official receptions for the Russian leader.

In spite of those strains, both sides want to use the occasion to improve relations. However, Mr Hosokawa will express official regret at last week's bloodshed. He will also push for progress on the longstanding territorial dispute, which arouses passions among Japanese and has prevented Russia and Japan from signing a postwar peace treaty.

Japanese newspaper editorials yesterday were deeply critical of Russia and Mr Yeltsin. Any desire to improve relations was outweighed by "mutual bitterness and mistrust", said the Japan Times. It said that would not change unless the dispute over the islands was resolved.

The Mainichi Daily News warned: "We could find ourselves in a delicate position were Yeltsin to utilise his visit here for propaganda purposes to emphasise his legitimacy . . . Hosokawa will need to urge the Russian leader to return to the authentic road of democracy and check his high-handed stance."

The signs were yesterday that the two sides are heading towards continued deadlock over the islands. "I hope that this time the Japanese side will not raise the territorial question and spoil the visit," the Russian news agency Interfax quoted Mr Yeltsin as saying before he left Moscow.

Merger will create Russian bank with assets of $1.3bn

By John Lloyd in Moscow

THREE of the strongest of Russia's many fledgling banks are to merge their operations. With assets of about Rbs1,500bn ($1.3bn) – high by Russian standards – they will form one of the largest banks in the country. Pretax profits last year were Rbs20.2bn, or about $18m.

The three banks – Imperial, Yugorsky and Rossiisky Kredit – are backed by some of the largest companies in Russia.

Gasprom, the huge state gas monopoly, and Lukoil, one of the biggest of the newly independent oil companies, founded Imperial. A group of western Siberian oil associations owns Yugorsky, and Rossiisky Kredit's main shareholders are the Krasnoyarsk aluminium plant and the Tula small-arms enterprise.

The merger, announced yesterday by the news agency Interfax, appears to have been undertaken because the strengths of the banks are complementary. Mr Sergei Rodionov, chairman of Imperial and a former head of the Russian central bank's supervisory department, said Yugorsky had a large portfolio of investment projects, Rossiisky Kredit had one of the most extensive retail branch networks and Imperial had advanced technology and banking skills.

This is the first large-scale merger of substantial Russian banks, which normally preserve their recent independence jealously. It is also clearly aimed at strengthening the still weak institutions against the much-feared, but gradually encroaching foreign competition – precisely the response the central bank had hoped for.

The central bank, although supporting some measures of protectionism, has opposed a full ban on the operations of foreign banks, as sought by the former Russian parliament.

Mr Rodionov said one aim of the merger was to cut credit risks, since more than 70 per cent of future investment projects would be undertaken from the banks' own portfolios which they would see through "from beginning to end".

The merger, aimed at producing a "single credit institution, consolidated financial accountability and a common management" will still preserve the separate legal status of each member. Deloitte and Touche, the accountancy firm, is expected to work on developing a common banking system.

There are some 2,000 Russian banks, of which 100 account for two-thirds of all transactions. Many are simply currency exchange operations, while others are reputed to be linked to organised crime circles and to serve as money-laundering operations.

China gives warning on Hong Kong transition

By Tony Walker in Beijing

CHINA raised the stakes yesterday in its tense standoff with Britain over Hong Kong when it warned that it would scrap the colony's legislature after 1997 if the two sides fail to reach agreement on arrangements for an orderly transition.

Mr Jiang Enzhu, China's vice foreign minister, issued what amounted to Beijing's clearest threat yet that it would not abide by the results of elections if they had not been held under rules agreed between the two sides.

"If an agreement cannot be reached, there's nothing extraordinary about that either. Under that circumstance, the organs elected in 1994 and 1995 will terminate on June 30 1997," Mr Jiang told reporters.

China's chief negotiator was speaking before sitting down for the 13th round of talks on the vexed Hong Kong issue with Britain's ambassador in Beijing, Sir Robin McLaren.

Hong Kong governor Chris Patten warned last week that within a "matter of weeks" he would be obliged to present to the Legislative Council (Legco) a bill extending the franchise for local elections due in 1994 and Legco in 1995.

China is bitterly opposed to Mr Patten's democratic reforms, claiming they run counter to agreements reached in the 1980s over the future of the colony which reverts to Chinese rule in July 1997.

Mr Jiang's threat would mean that, in the absence of agreement between Beijing and London there would be no "through train" after the handover. This refers to legislators elected for four years continuing to serve after the Chinese takeover.

British and Chinese officials declared that their talks in Beijing on the future of Hong Kong were at a "crossroads".

Pique over nuclear test, Page 6

THE LEX COLUMN

Italian lessons

Italy's privatisation programme has taken two steps forward and one step back. The restructuring plan for Ferruzzi-Montedison emerging in Milan appears to be winning support from lenders. If a speedy settlement can be reached, the privatisation of Banca Commerciale and Credito Italiano – both of which have large exposures to the crumbling Ferruzzi empire – might be achieved by the year-end as planned. The worry is that the resignation of Mr Paolo Savona, the industry minister, points to deep divisions in government over privatisation.

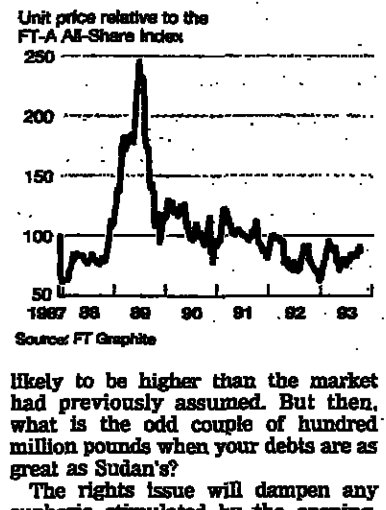
It is hard to believe that the rift arose from a technical argument about the most efficient method of selling state assets. Privatisation by public offer will result in more diffuse ownership than sales dominated by groups of large investors of the type favoured by Mr Savona. Given the close links between Italian industry and state, how the argument is resolved will determine the degree of political influence over privatised companies.

A Ferruzzi solution which met the aspirations of international investors and bankers would be encouraging. Some important points of principle appear to have been won. The group's profitable operating subsidiaries will continue servicing bank debt, which will please the foreign banks that did not lend at holding company level. The planned disposal of investments ranging from media to cement looks like a partial victory over family interests. If that signals a commitment to solutions which avoid favouring narrow self-interest, privatisation can only benefit.

FT-SE Index: 3102.2 (-6.4)

Eurotunnel

Unit price relative to the FT-A All-Share Index



Source: FT Graphite

Eurotunnel

It would be nice to think that once the Queen and President Mitterrand snip the red ribbon and les shuttles start hurtling under the sea that the gargantuan doubts – and debts – enveloping Eurotunnel will quickly fade. With the costs known and revenues flowing, the imponderables hampering any meaningful valuation of Eurotunnel's units will be reduced. It should then be possible to calculate a present value for future dividend flows – even though Eurotunnel will remain further away from making a pay-out than it forecast when it first issued units in 1987.

Unfortunately Eurotunnel is spending cash so fast that investors and bankers will be asked for new money before the tunnel opens, diluting future returns. The sums needed are likely to be higher than the market had previously assumed. But then, what is the odd couple of hundred million pounds when your debts are as great as Sudan's?

The rights issue will dampen any euphoria stimulated by the opening. Afterwards, investors will switch attention to how much the tunnel might make. Eurotunnel is chopping short-term revenue forecasts. The worry is that its long-term projections may be too rosy too – especially if rival ferry operators do not quickly cut capacity. Eurotunnel assumes rising cross-Channel traffic will enable it to lift yields. But ferry operators have not managed the feat. The theory also flies in the face of the aviation industry's experience where real prices have fallen steadily despite rising demand. A burst of inflation would surely help but even this cannot be relied upon.

Lucas Industries

To say that Lucas had to dip into reserves to pay this year's dividend is slightly misleading. Rather, it is not paying a dividend at all and is instead rewarding shareholders in shares for the low returns earned by a company they already own. Pension fund credits supported the over-generous payout last year, funny money enhanced scrips this. One wonders where Lucas will look next. The company argues that turnover and margin increases, combined with a falling tax charge, will allow the payment to be covered 2.5 times over the cycle. Yet for this to be so Lucas would need four times cover at the peak, which surely implies sufficient UK profits to claim back its unrelieved advance corporation tax. What need then for an enhanced scrip?

The answer probably lies with the level of debt. Lucas has already spent some two-thirds of the restructuring provision it established last year. That has brought a useful profits improvement, but there is plenty more to go for. Since the company is already near the self-imposed ceiling for gearing, it can hardly afford further heavy charges without substantial disposals or new equity. As it seems keen to avoid either, cash remains scarce.

All that might change if a respected figure such as Mr George Simpson of BAe were to sign on, take an axe to operations and raise new funds to pay for restructuring. Yet Lucas apparently only wants a new chief executive to implement its existing plans. If so it is odd that the company has struggled for so long to find a leader with what it takes to come up with his own ideas.

UK economy

On the surface, a 3 per cent underlying growth in output prices in the year to September must come as bad news for those who believe UK inflation is licked. The rate, which excludes food, drink, tobacco and petroleum, is creeping up from levels much closer to 2 per cent six months ago. But there is some consolation in the reason for the acceleration of the annual rate. The abnormally low rises of last summer and autumn are starting to drop out of the index. On a monthly basis there is hardly any acceleration at all: the rate has fluctuated around 0.3 per cent for some time. On top of that input prices are falling again, while weak food price inflation is holding down the overall headline rate.

The good news is thus that these figures do not show inflation about to take off again. It seems unlikely that the authorities will face a test of their determination to keep underlying retail price inflation below 4 per cent. The bad news is that the fall in inflation should apparently have come to a halt at such a high level despite the severity of the recession. Adjusted for mortgages, retail prices are growing at around 3 per cent, well inside the upper half of the official target range. The Bank of England may not yield unprotesting to demands for lower rates around Budget time unless it also sees firm evidence of fiscal responsibility.

Concern over Papandreou's health

Continued from Page 1

46.9 per cent of the vote and a comfortable majority with 170 seats in the 300-member parliament. New Democracy, led by Mr Constantine Mitsotakis, suffered a worse defeat than forecast, winning 39.3 per cent of the vote and 111 seats.

Political Spring, the conservative splinter group which brought the conservative government down last month, won 4.9 per cent of the vote and 10 seats.

The only other party to be represented in parliament is the Greek Communist party, still defiantly Stalinist, which won 4.5 per cent of the vote and nine seats.

Pasok's stronger than expected performance in the election makes it possible for Mr Papandreou to secure a full four-year term.

He had been expected to retire in 1995, when parliament will elect a new president. A fresh election was predicted at that time since Pasok was not likely to win the 180 seats needed to elect a head of state.

Now, however, all Mr Papandreou has to do is forge an alliance with the communists in backing a suitable leftwing candidate for the presidency, and beg one vote from Political Spring, some of whose deputies have a radical past.

The consolation for Greece's European partners, who still fear a return to the radical rhetoric and obstructive behaviour of the socialists' early days in office, is that Mr Papandreou will not have the energy for a confrontation.

In practical terms, Greece's dependence on European Community transfer payments, which amount to about 5 per cent of GDP, together with Pasok's commitment to the Maastricht targets for monetary union, will encourage the socialists to remain co-operative.

Still, Mr Papandreou's record of making unpredictable policy switches will mean that his new pro-European outlook, heavily emphasised during the election campaign, will be viewed with scepticism abroad.

Japanese salaryman

Continued from Page 1

company to transfer an employee to a distant post: "A transfer order cannot be considered illegal on the ground that it harms the stability of a family or changes the children's educational environment."

Mr Kawaguchi is likely to appeal against the court's decision, but he will also keep his job. He was careful to play by the company's rules and wants to stay until retirement. The company says it has no reason to dismiss him, but also no cause to regret the original transfer: "We have no intention to fire him. He is performing his work normally, doing the average job."

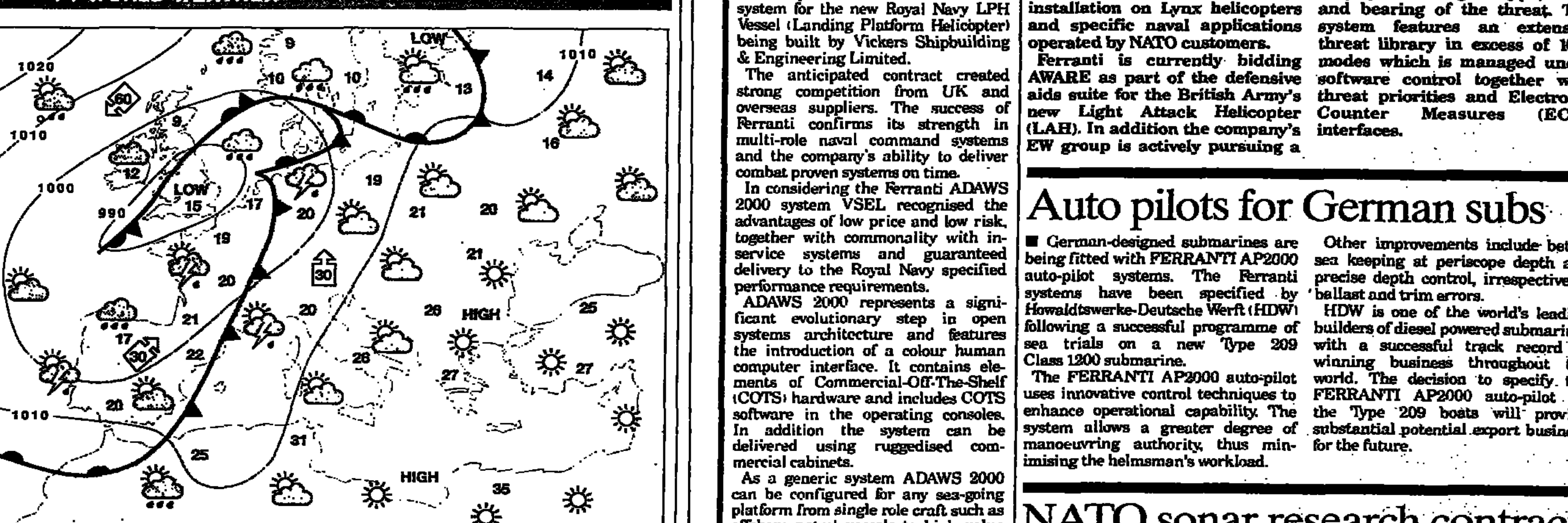
FT WORLD WEATHER

Europe today

Low pressure over the British Isles will continue to dominate the conditions over all of western and northern Europe. A developing frontal disturbance over the Low Countries will move north-east giving rain and thundery showers. The associated cold front will cause periods of rain over most of France. Frequent showers and thunderstorms will occur over Portugal and Spain. It will be cloudy across the United Kingdom with rain in the south and showers in the far north. Over northern Scandinavia temperatures will stay near or just below freezing point. There may be snow showers. An anticyclone over the Mediterranean and south-eastern Europe will guarantee sunshine and summer-like temperatures.

Five-day forecast

A deepening low will follow a north-easterly track causing rain over Scandinavia, the Baltic States and Russia. Further north there will be snow. Arctic air over the North Atlantic will flow southwards giving showers and lower temperatures to countries around the North Sea. Unsettled conditions will persist over Portugal and Spain while sun and pleasant temperatures will dominate the south-eastern European countries.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	36
Accra	fair	29
Algiers	fair	28
Amsterdam	rain	17
Athens	sun	27
B. Aires	fair	28
B.ham	rain	12
Bangkok	rain	32
Barcelona	shower	22
Beijing	cloudy	20
Belfast	shower	11
Belgrade	sun	28
Berlin	cloudy	22
Bermuda	shower	29
Bogota	shower	19
Bombay	sun	33
Brussels	rain	19
Budapest	fair	23
C.hagen	rain	14
Cairo	sun	33
Cape Town	sun	20
Caracas	fair	28
Cardiff	rain	12
Chicago	rain	15
Cologne	shower	21
D' Salaam	fair	30
Dakar	fair	32
Dallas	sun	28
Delhi	sun	35
Dubai	sun	36
Dublin	rain	12
Dubrovnik	sun	25
Edinburgh	shower	10
Faro	thund	20
Frankfurt	fair	22
Geneva	rain	18
Gibraltar	rain	21
Glasgow	cloudy	11
Hamburg	rain	18
Helsinki	fair	6
Hong Kong	sun	29
Honolulu	fair	31
Istanbul	sun	25
Jersey	rain	14
Karachi	sun	36
Kuwait	sun	36
L. Angeles	fair	23
Las Palmas	fair	25
Lima	cloudy	23
Lisbon	rain	18
London	rain	15
Lux.bourg	shower	17
Lyon	rain	21
Madeira	shower	24
Madrid	thund	16
Majorca	fair	24
Malta	sun	28
Manchester	rain	12
Manila	shower	30
Melbourne	fair	17
Mexico City	fair	20
Miami	shower	28
Milan	rain	19
Montreal	cloudy	12
Moscow	rain	13
Munich	fair	24
Nairobi	fair	27
Naples	sun	26
Nassau	shower	30
New York	shower	12
Nice	thund	20
Nicosia	sun	33
Oslo	rain	11
Paris	rain	19
Perth	fair	24
Prague	fair	22
Rangoon	cloudy	34
Reykjavik	fair	4
Rio	sun	25
Riyadh	sun	36
Rome	fair	25
S. Frsco	cloudy	21
Seoul	fair	22
Singapore	rain	31
Stockholm	cloudy	10
Strasbourg	shower	22
Sydney	fair	22
Tangier	rain	21
Tel Aviv	sun	32
Tokyo	cloudy	21
Toronto	rain	11
Tunis	fair	31
Vancouver	shower	17
Venice	fair	20
Vienna	fair	23
Warsaw	fair	20
Washington	fair	17
Wellington	fair	15
Winnipeg	sun	4
Zurich	rain	20

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday October 12 1993

INSIDE

Intel income jumps 143% in quarter

Intel, the world's largest computer chipmaker, has reported record revenue and earnings for the third quarter. Its net income jumped 143 per cent to $584m, while revenues advanced 57 per cent. Intel expected to ship "hundreds of thousands" of its latest microprocessors, called Pentium, this year and millions next year. Page 21

Sprint takes $56m charge

Sprint, the US telecommunications company is to take an after-tax charge of $56m, or 16 cents a share, to cover the cost of restructuring, tax increases and debt reduction in the third quarter. Page 21

Maculan bets on eastern Germany

Maculan, Austria's third largest construction group, has bet its future on the eastern German market, investing more than Sch1bn ($89m) in buying six big construction companies and a gravel quarry in the old GDR. Page 20

Shareholder threat to Volvo deal

Sweden's small shareholders' association yesterday stepped up its campaign to block a proposed merger between Volvo's car and truck business and France's Renault. Page 20

Tiphook chief may split role

Mr Robert Montague, founder and executive chairman of Tiphook, the container leasing and transport rental group, has accepted the merits of splitting his role. Page 24

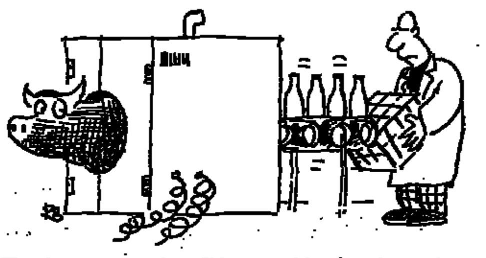
TI sells Dowty units

TI Group, the specialist engineering company, has sold businesses taken over in the acquisition of Dowty last year for £40m ($61m). Ultra Electronics, a management buy-in led by a former managing director of Dowty Avionics, is buying the companies. Page 25

Firkin founder to head Belcher

Mr David Bruce, who founded the Firkin pubs chain, is to join the board of Grosvenor Inns as head of its new subsidiary, Belcher pubs. Page 25

Milk problem solved with chips



The fully automatic milking machine has been the dream of enthusiasts for years. If new technology from the Netherlands catches on, the herdsmen of tomorrow may be denied the hands-on pleasures of pulling milk out of cows. A computer remembers the shape of each cow's udder. Page 26

Europe beats the world

European equity markets put in an impressive performance last week, rising at double the level of the FT Actuaries World Index. Back Page

Stanhope Properties

Saturday's edition of the FT said that Stanhope Properties had failed during the recession. It has not failed and continues to trade. We apologise for the error.

Market Statistics

72427

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	875	+	25
Beiersdorf	789	+	23.5
GEHE	440	+	12
Hochtief	1140	+	45
Falls			
Altana Ind	578	-	12
VEW	272	-	7

NEW YORK ($)

Rises			
Eli Lilly	52½	+	2¼
Paramount	78⅛	+	½
QVC	56¾	+	¼
Viacom	56½	+	¼
Falls			
Alu Co of Amer	68⅝	–	1¼
Intel	66¾	–	3½

PARIS (FFr)

Rises			
Coparex Int	570	+	18
Redoute	907	+	27
Seb SA	540	+	15
Falls			
Accor	627	-	12
Essilor Int	800	-	13
GTM-Entrepose	502	-	13

Tokyo closed. New York prices at 12.30pm.

LONDON (Pence)

Rises			
Body Shop Intl	175	+	6
Computr People	110	+	5
Hi-Tec Sports	68	+	4
IWP Intl	340	+	20
Lucas Inds	167	+	12
Manweb	634	+	14
Quadramatic	165	+	9
Reoold	104	+	8
Severfield-Rve	68	+	6
Tie Rack	161	+	5
Tiphook	138	+	15
Falls			
Drummond	43	-	4
Euro Disney	610	-	35
Halma	198	-	9
Invesco	175	-	5
Micro Focus	1333	-	117
Wimpey (Geo)	170	-	5

Paramount board to discuss bid with QVC

By Richard Tomkins in New York

DIRECTORS of Paramount Communications, the besieged US entertainment group, yesterday bowed to mounting pressure and agreed to open informal talks with QVC Network, the home shopping channel that has mounted a $9.5bn hostile bid for the group.

It said issues to be discussed would include regulatory restraints and the value of QVC stock. Paramount stressed that it still intended to proceed with an agreed cash-and-shares offer by Viacom, the cable television company, valuing the group at $7.3bn.

However, Paramount's directors have had to recognise that QVC's hostile cash-and-shares offer is not only worth $2.2bn more than the Viacom bid, but also includes $30 cash for each Paramount share, compared with $9.10 cash in the Viacom offer.

QVC, though a fast-growing company, is much smaller than either Paramount or Viacom, and Paramount has questioned whether the company has the financial muscle to raise the $3.5bn necessary to fund the cash portion of its offer.

Last week, however, QVC announced it had secured funding of $4bn for its bid: two $500m equity investments from Liberty Media and Comcast, cable companies which are shareholders in QVC, and promises of $500m each from six banks.

Separately, Liberty Media's former parent, Tele-Communications Inc, said it was in talks with Liberty over a possible buyback of the company – a move that would put another large and well-financed company on QVC's side, as Liberty holds 22.5 per cent of QVC's stock.

Viacom yesterday attempted to shrug off the latest development. It said Paramount's talks with QVC were "consistent with our merger agreement and with the board's responsibilities".

It added that Paramount could address the anti-trust issues it alleges have been raised by the QVC offer. Viacom has launched a legal suit claiming that the bid is part of attempts by Mr John Malone, head of Tele-Communications and Liberty Media, to monopolise the cable industry.

Viacom, which has alliances with Nynex, a regional telephone company, and Blockbuster Entertainment, the video retailer, is expected to stay its hand pending the outcome of the Paramount/QVC talks.

Singapore prices telecoms sale

By Victor Mallet in Bangkok

THE Singapore government has valued Singapore Telecommunications (ST) at a minimum of S$30.5bn (US$19.5bn), based on the price set for first phase of the group's privatisation.

Singapore is to sell between 1.1bn and 1.9bn shares, or 7.2 to 12.5 per cent of the company, in three tranches.

The basic price of S$2 per share gives ST a prospective price/earnings ratio of 27.

The ratio is higher than the market average of 23, but such a premium is in line with other successful telecommunications networks in Asia.

"It's priced quite aggressively, but it's a utility stock that's well managed and it's a play on the Singapore economy," said Mr Manu Bhaskaran of Crosby Securities in Singapore.

"I think a lot of people will pile into it."

Earlier this year, analysts placed a much more modest value on ST, but estimates have risen sharply in the past few weeks. A recent rise in the value of the currency has been attributed partly to an inflow of funds for the purchase of ST shares.

The three-tranche allocation system for ST shares reflects the government's plans to encourage Singaporean citizens to buy shares and maintain a personal stake in their economy.

Two of the three tranches are for Singaporeans.

Under group A, the 1.75m Singaporeans contributing to the compulsory Central Provident Fund pension plan will be able to buy up to 600 shares each, at S$1.90 – a 5 per cent discount – and with the benefit of a special 40 for 100 "loyalty" dividend paid in stock over six years.

The government has set aside 350m shares for this group, but the figure could rise to 1.05bn shares in the unlikely event that everyone applies for the maximum allocation.

Under group B, 200m shares will be sold at S$2 each to Singaporeans only, including 40.7m shares reserved for ST employees.

Each applicant can buy a maximum of 1,000.

Under group C, both Singaporeans and foreigners may bid for the remaining 550m shares, at a minimum price of S$2.

The number of shares could be increased by 100m if there is sufficient demand.

Brokers expect the strike price, boosted by foreign investors keen to have a stake in what will be the by far the largest company on the Stock Exchange of Singapore, to be above the S$2 minimum.

ST's flotation will increase the market's capitalisation by nearly a quarter.

"The competition is going to be for tranche C. I expect the issue will be more than fully subscribed," said one broker.

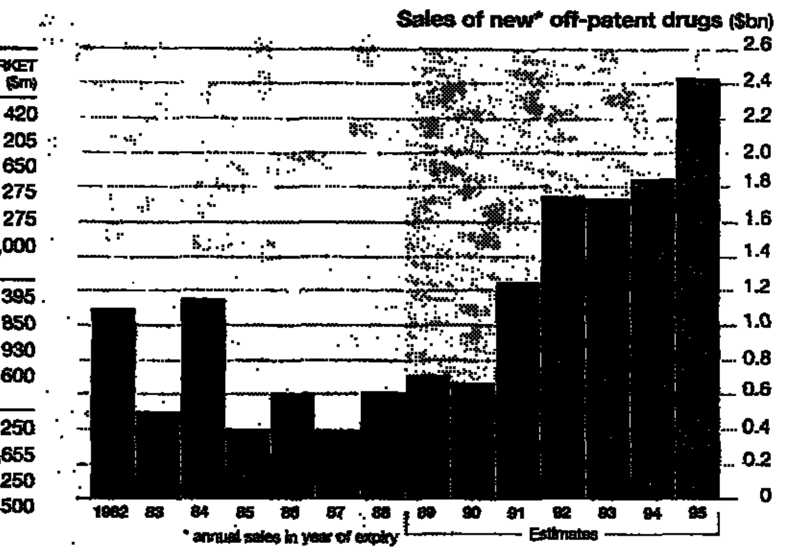
Bids will be received from today until October 28, and investors can begin trading the shares from November 1.

The growth in generics is being driven by patent expiries, reports Paul Abrahams

Major drugs coming off patent

EXPIRY DATE	DRUG	MANUFACTURER	MARKET ($m)
Jan 1993	Lopid	Warner-Lambert	420
Feb	Ansaid	Upjohn	205
Oct	Xanax	Upjohn	650
Nov	Vepesid	Bristol-Myers Squibb	275
Dec	Lopressor	Ciba	275
	Naprosyn	Syntex	1,000
Jan 1994	Micronase	Upjohn	395
Apr	Seldane	Marion Merrell Dow	850
May	Tagamet	SmithKline Beecham	930
Dec	Cardizem CD	Marion Merrell Dow	600
May 1995	Dilacor XR	Rhône-Poulenc Rorer	250
Aug	Capoten	Bristol-Myers Squibb	1,655
Sep	Sandimmune	Sandoz	250
Dec	Zantac (form 1)	Glaxo	2,500

Source: HKS & Company



* annual sales in year of expiry

Cheap drugs attract the giants

Hoechst's $550m acquisition last week of a majority stake in Copley Pharmaceutical, a US generic drug manufacturer, surprised the drugs industry only by its price. The deal is the one of the largest in the $5.5bn US generics drug sector which manufactures cheap medicines whose patents have expired.

The $550m price tag values Copley at 87 times net profits of $12.3m last year, a high multiple by any standards. However, Mr Jürgen Dormann, Hoechst's finance director, said the price was appropriate in view of Copley's profitability – the group has a net return on sales of at least 24 per cent.

Hoechst's strategy of entering the US generic non-patented prescription medicine business was, however, predictable. It is the latest in a series of moves by pharmaceuticals groups to enter this fast-growing, but highly competitive sector. Over the past two years, the 1980s trend for drugs groups to leave the low-margin high-volume generics industry has been reversed.

The generics market is growing rapidly as increasingly important drugs lose their patents, and cost-conscious healthcare providers become more interested in cheap generic medicines. For the research-based pharmaceuticals groups, marketing a generic version of their drugs can extend its earnings stream.

Earlier this month Marion Merrell Dow acquired Rugby-Darby's generic operations, the largest generic business in the US with sales of about $280m. Other drugs groups which have recently joined the generics industry include Merck, the world's largest drugs group, and Bristol-Myers, the third largest.

Such companies have been tempted by the rapid expansion of the US generics sector, which Hoechst expects to grow at 14 per cent a year for the rest of the decade. Kline & Co, the New York-based industry analysts estimate that the sector could double its size to $10bn a year between 1992 and 1996.

This compares favourably with the entire US prescription drugs market which grew only 3 per cent in the first six months of this year, according to IMS International, the market research group. The slowdown is expected to worsen depending on the outcome of US healthcare reforms.

The generics market is being driven by important patent expiries. Last year seven drugs, with combined yearly sales of about $2.5bn came off patent in the US. This year, the patents of 11 medicines with annual sales of $3bn expired.

The most significant patent expiries include Syntex's anti-inflammatory Naprosyn, next month; Seldane, Marion Merrell Dow's anti-histamine, in April next year; and SmithKline Beecham's Tagamet, next May.

The biggest will be Bristol-Myers Squibb's heart drug, Capoten which has sales of about $1.6bn and becomes vulnerable to generic competition in August 1995. The patents for Glaxo's Zantac, the world's best-selling medicine, expire in December in the same year, but these are for "form 1", a version that has never been marketed.

The explosion in generics sales is also being encouraged by changes in the market, where cost-conscious bulk purchasers of health are increasingly prescribing cheap generics rather than more pricy patented medicines.

In 1991, 40 per cent of all prescriptions in the US were generic. The figure is expected to reach 66 per cent by 1995, according to Kline & Co.

The foremost problem facing drugs groups wanting to exploit the US generics market is how to enter it. The possible options include acquisition, setting up from scratch, and partnerships.

Some groups have set up their own companies. These include Rhône-Poulenc Rorer, the Franco-American group, Eli Lilly and Bristol-Myers Squibb, of the US, and the UK's Zeneca. Merck plans to introduce off-patent versions of 10 of its products through its subsidiary West Point Pharma.

Others have formed partnerships. Upjohn, for example, has formed an alliance with Wyeth-Ayerst Laboratories, a subsidiary of American Home Products, to marketing a generic form of Upjohn's hormone replacement therapy. Upjohn has also signed an agreement with Geneva Pharmaceuticals, a subsidiary of Ciba of Switzerland, to market Xanax, an anti-anxiety treatment, and Halcion, the sleeping pill, whose patents expired last month.

Companies such as Pfizer and SmithKline Beecham which left the sector may now be re-evaluating their strategy. A few companies, such as Ciba, never left it.

Research-based pharmaceuticals groups must be quick to market their products. Generics companies have proved increasingly aggressive in their ability to market drugs from the day of their patent expiry. As more generic versions become available so prices fall. Prices for generics of Zeneca's best-selling product Tenormin fell 13 per cent on the first day of the patent expiry, 25 per cent within two months, and by 80 per cent once there were six competitors.

Given the sector's rapid growth, the rush into generics looks set to continue. Shares in small groups soared following the Hoechst announcement. Myland's stock rose $2⅛ to $31, while Pharmaceutical Resources was up $⅞ at $13⅞. Investors clearly believe these are potential acquisition targets for the pharmaceuticals giants wanting to follow Hoechst's example.

Eli Lilly cuts workers, Page 6

Lucas Industries cuts costs to double pre-tax profits

By Andrew Bolger in London

SHARES IN Lucas Industries rose by 12p to 167p yesterday after the UK automotive and aerospace components group said cost-cutting had enabled it to double pre-tax profits.

The group also again dipped into reserves to maintain its dividend and is offering an enhanced scrip alternative.

Lucas announced an extensive restructuring programme last year after recession caused its profits to slump. The group has recently cut thousands of jobs and sold several businesses.

Pre-tax profits rose from £22.5m to £50.3m ($76m) in the year to July 31. Sales increased by 7 per cent to £2.6bn, mainly reflecting exchange rate movements and increased market share.

Sir Anthony Gill, chairman and chief executive, said the company had not been immune to recession in the mainland European car markets and in world aircraft production.

But Lucas had managed nevertheless to increase sales "by virtue of our strong presence in the more resilient sectors of these industries and success in developing new technologies and winning new contracts".

Mr John Grant, finance director, said the group had achieved £60m of cost reductions.

Sir Anthony said the rationalisation programme was on track and cost reductions were gathering momentum throughout the group.

As expected, Lucas declined to confirm that it had offered the post of chief executive to Mr George Simpson, deputy chief executive of British Aerospace and chairman of Rover Group, its vehicles subsidiary. Sir Anthony said merely the board expected to make a formal announcement on or before the annual general meeting in November.

Disposals of businesses brought in £7.7m of profits and cash proceeds of £56m.

Further divestments since the year-end realised gains of £4.7m and cash proceeds of £19m.

Gearing was virtually unchanged at 45 per cent, with net borrowings of £338m. Interest costs rose from £37.4m to £43.2m. Net research and development expenditure fell from £98.3m to £90.8m.

Earnings per share rose from 0.8p to 4.3p. An unchanged final of 4.9p maintains the total dividend at 7p.

There is an enhanced scrip worth 7.35p per share. BZW will offer a cash alternative of at least 7.203p.

Analysis, Page 24; Lex, Page 18

Exports of Famous Grouse provide cheer for Highland

By Philip Rawstorne in London

HIGHLAND Distilleries, the independent Scotch whisky group, increased pre-tax profits from £28.7m to £38.8m ($58.58m) last year thanks to increased exports of Famous Grouse and a change in the accounting treatment of its 35.4 per cent stake in the blender Robertson & Baxter.

Equity accounting for Robertson added £7.4m to profits. Although Famous Grouse profits rose £3.6m, this was partially offset by a fall in contribution from other whiskies.

Famous Grouse, which contributes 55 per cent of group profits, increased sales in overseas markets by 14 per cent, against an overall increase for the industry of 1 per cent.

The results showed the benefits of Rémy-Cointreau's distribution of Famous Grouse, with notable market share gains registered in Sweden, Greece, the Netherlands, Thailand and Venezuela.

In the last three years, Famous Grouse exports have risen from 550,000 to 850,000 cases and 40 per cent of sales are now overseas. In the UK, sales slipped 3 per cent in line with the market, but the brand maintained its premium price and 14 per cent market share.

Profits from the sale of new and mature malt whiskies declined as blenders adjusted stock.

Group operating profits in the year to August 31 were 7 per cent ahead at £23.5m, on turnover marginally up at £171.1m.

The group repaid, at a cost of £4.9m, a FFr300m ($54m) loan raised in 1990 to help finance its investment in Orpar, the Rémy holding company. The repayment reduced gearing from 6 per cent to 1 per cent.

Earnings per share, excluding Robertson, rose to 16.2p (15.1p). A final dividend of 5p makes a total of 6.6p (from 6p).

Small shareholder threat to Volvo-Renault merger

By Hugh Carnegy in Stockholm

SWEDEN'S small shareholders' association yesterday stepped up its campaign to block a proposed merger between Volvo's car and truck business and France's Renault, claiming it had won the support of an institutional shareholder.

The group, called Aktiespararna, also wrote to Volvo insisting the merger would require a change in the company's articles of association at the November 9 shareholders' meeting on last month's deal, a move that would require two-thirds support instead of the simple majority needed to approve the merger.

Mr Lars-Erik Forsgardh, chief executive of Aktiespararna, refused to identify the institution he said was ready to support the association, or how big a share of votes it held. But he said he had received verbal assurances it would give Aktiespararna its proxy votes and added that he was optimistic of winning over more institutional shareholders. However, the association still appears to have the odds against it.

Volvo is already assured of support from more than 20 per cent of the voting stock. Aktiespararna said yesterday its members probably held a little less than the 7.7 per cent of votes they controlled when a survey was last conducted three years ago. The largest institutional shareholder, a Swedish state pension fund, holds around 7 per cent.

Volvo will today have a chance to press its case further at an annual meeting at its headquarters in Gothenberg of a dozen of its largest shareholders. Apart from Renault, the biggest single shareholder with 8.2 per cent, they include state pension funds, investment companies, bank pension funds and insurance groups. The company said it did not accept that the Renault merger required a change in its articles, saying the terms of the deal were covered under its existing articles.

Storehouse loses finance chief

By Maggie Urry in London

MR GRAHAM RIDER has resigned as finance director of Storehouse, the UK retail group, with immediate effect. His is the latest in a series of board changes at the company, including four finance directors since 1989 and three chief executives since 1988.

The shares slipped 4p to 207p yesterday, although the company stressed Mr Rider's departure did not reflect any worsening of trading performance, nor a clash of personalities or disagreement with Mr Keith Edelman, the latest chief executive.

Mr Rider is expected to receive some compensation, although not fully reflecting his two-year contract and annual salary of around £150,000 ($226,500).

Compensation payments have become a feature of Storehouse's annual report. The latest said six directors had left during the year, including Mr David Dworkin, the chief executive who departed in March. He had taken on the role last July when Mr Michael Julien, chief executive since 1988, left due to ill-health.

Five directors shared compensation of £1.16m, while Mr Dworkin took a £2.71m profit-related bonus which, with his salary, gave him £3.29m in the year.

Storehouse's run of finance directors began in November 1989 when Mr James Power took early retirement.

He was succeeded by Mr Bob Mackenzie, who left suddenly in October 1990, leaving a gap until Mr David Simons joined in February 1991.

Mr Rider, who is 40, joined the group in February 1992 as finance director of BhS.

He was propelled into the group finance director's role in December 1992 when Mr Simons left to join Isosceles, the Gateway food retailer.

Mannesmann rights at DM250

MANNESMANN, the industrial, engineering and telecommunication group which announced a one-for-eight rights issue late last month, said it will issue the new shares at DM250 each, *AP-DJ reports from Dusseldorf*. The new shares will be entitled to half the company's 1993 dividend.

Existing shares traded yesterday at DM330.50, DM2.70 higher than at Friday's close. The subscription period for the issue is to run from October 18 through November 2.

ABN Amro to lead Dutch telecoms float

By Ronald van de Krol in Amsterdam

THE DUTCH government has appointed ABN Amro, the country's largest bank, as global co-ordinator and lead manager of next year's flotation of a first tranche of shares in Koninklijke PTT Nederland, the telecommunications and postal company.

Two other Dutch banks, ING Bank and Rabobank, will be co-lead managers of the underwriting syndicate in the Netherlands. The government has not yet released the names of regional lead managers in other parts of the world but expects to do so shortly.

The role of lead manager had been widely expected to go to a Dutch bank, with ABN Amro and ING the main contenders.

Earlier, N.M. Rothschild was appointed as the state's adviser in the flotation, the biggest in Dutch corporate history. KPN is advised by Goldman Sachs.

Perstorp pays more as profits surge 45%

By Christopher Brown-Humes in Stockholm

PERSTORP, the Swedish speciality chemicals and plastics group, said yesterday that profits after financial items rose by 45 per cent to SKr330m ($41m) in the year to August 31, compared to SKr228m.

The result includes devaluation gains of SKr66m, although this was partially offset by SKr40m in restructuring costs. The dividend is being increased to SKr4.80 per share from SKr4.55.

The group said its North American units had a better year, thanks to a stronger US economy, but in Europe it had to continue rationalising as market conditions worsened.

All six of the company's divisions achieved higher sales, helping group-wide sales to rise 17 per cent to SKr8.58bn. However, while the company's speciality chemicals, biotec, components, and Chemitec units all improved earnings, there were declines in plastic systems and surface materials. Plastics systems was hit by rationalisation costs, while surface materials suffered from the impact of a weak construction market.

During the year, the group concentrated on strengthening its position in key markets, by acquisitions and by integrating recently-acquired companies in France and Germany. The company had lower financial expenses thanks to the drop in interest rates and currency-hedging measures.

Correction

Aker

THE FT last Saturday incorrectly stated that the NKr526m ($74m) profit returned by Aker, the Norwegian cement and offshore technology group, for the first eight months of the year was due to a NKr702m exceptional gain, most of which came from the sale of its stake in Valenciana, the Spanish cement producer. The sale of this stake in fact took place in the same period last year.

Maculan looks to central Europe

Ian Rodger on the growth hopes of an Austrian construction group

"I BELIEVE in central Europe; it will become the most important economic area in the world," forecasts Mr Alexander Maculan, chairman of the Austrian construction company of the same name.

And Maculan, the third largest Austrian construction group, has been acting on its boss's beliefs in a most aggressive way.

Over the past two years, it has bet its future on the eastern German market, investing Sch1bn ($86.6m) in buying six construction companies and a gravel quarry in the old GDR from the Treuhandanstalt.

The group's German business, 92 per cent of which is in eastern Germany, accounts for over half of its total turnover, and investment analysts regard Maculan as the purest investment play on the area known as Europe's largest construction site.

The big German construction companies, such as Philipp Holzmann and Hochtief, may do more business in eastern Germany than Maculan does, but their revenues from there form a smaller part of their overall business.

Maculan's interim report, published yesterday, indicated that the bet still seems to be going the group's way.

The company reported a 12 per cent rise in operating profits in the first half of 1993 to Sch126m and boosted its forecast of net income for the full year to Sch250m from an earlier Sch240m.

If the forecast proves correct, it will give Maculan a fourth successive year of double digit profit growth.

The group remains unequivocally bullish. "Eastern Germany looks like remaining the biggest building site in Europe medium-term," Maculan said in its interim report to shareholders.

Alexander Maculan was an unlikely executive to take such a bold initiative. The son of the group's founder, he took control of the company in 1962 when he was only 21, his father having been killed in a small aircraft crash a few years earlier.

Until the 1960s, he was known mainly for his prowess on the golf course, but then he suddenly became interested in building the business both inside and outside Austria.

A contract in Russia and a small acquisition in Germany gave him both the confidence and the insight to take advantage of the once-in a lifetime opportunities that presented themselves when the Iron Curtain collapsed.

He has financed his bet by taking the company public in 1990 and raising over Sch2bn in new equity and convertible debt in three operations, reducing his personal stake to 49.7 per cent (68.8 per cent of the votes).

The biggest question mark over any company making such a rapid expansion, especially by acquisition, is management capacity.

Mr Maculan seems unworried, saying that the group tries to keep the managers in the companies it acquires.

"We are a very attractive company for managers. We have a training programme like no other construction company. Last year, we spent DM20m in training," he says.

He also points to his own unusually long training to be a chairman. "I have never been involved in the day to day management. Professional managers can do it better than me. My job is to help our people, to find targets for them, to make acquisitions."

ADVANCE IN INTERIM RESULTS

MACULAN, the Austrian construction group with substantial interests in eastern Europe, has reported a 12 per cent rise in operating profit to Sch141m ($12.5m) in the first half of 1993 and has forecast a 21 per surge in net income for the full year to Sch260m.

Interim turnover was up 23 per cent to Sch6.06bn and the group's order book stood at a record Sch10.8bn at the end of June, 41 per cent higher than a year earlier.

Maculan, which raised Sch695m through a rights issue in June to help finance acquisitions in eastern Europe, said that first-half growth was mainly due to a 54 per cent increase in turnover in Germany. Excluding the first time contribution of two east German acquisitions, growth in turnover was 16 per cent.

Work on the group's Sch1.9bn contract to build 3,000 flats in Moscow for returning Russian soldiers has been disturbed by the recent political upheaval, but this has not so far resulted in payments, which have been guaranteed by the German government, being delayed.

Moller consolidates lead in containers

By Hilary Barnes in Copenhagen

A. P. MOLLER, the Danish shipping, shipbuilding and oil group, is consolidating its position as the world's leading container carrier.

The group announced last week that it had placed an order for five container vessels with its own shipyard, the Odense Steel Shipyard.

Capable of carrying 4,500 TEU (standard 20-foot containers) each, these are the biggest container vessels yet ordered by Moller's Maersk Line shipping operation.

Maersk passed Taiwan's Evergreen in terms of container carrying capacity earlier this year, when it took over nine vessels from its erstwhile Danish rival, the East Asiatic Company, which has withdrawn from liner shipping.

Maersk's capacity on the group's 50 ships is about 140,020 units to Evergreen's 135,000, according to available estimates. Maersk also has about 20 ships on charter to its global liner services.

With last week's order, Maersk has on order 10 new vessels with a total container capacity of 30,510. However, the expansion of the liner business is only one of the factors which has made the Moller group's twin parent companies, D/S 1912 and D/S Svendborg, two of the strongest shares on the Copenhagen stock exchange this year, with the B shares increasing by about 56 per cent.

The most important factor behind the rise in the share price, Copenhagen analysts say, was a new contract for sale of natural gas from the group's fields in the Danish sector of the North Sea. The Moller group has a 39 per cent share in Danish Underground Consortium (DUC), in which it is the operating company for the North Sea oil and gas operations. Its partners in DUC are Shell and Texaco.

DUC's production is relatively small – about 7.9m tonnes of oil and 3.6bn cubic metres of natural gas in 1992 – but this is about 110 per cent of Denmark's oil and gas needs.

DUC and the state's oil and gas distribution company, Dansk Olie og Naturgas (Dong), earlier this year signed a contract under which DUC's deliveries of gas from 1997 will be doubled, taking them to 7bn cubic metres a year.

On the management side, Moller is going through an interesting transitional period. Mr Maersk McKinney Moller, whose father founded the group at the beginning of the century, stepped down from the day-to-day running of the group on reaching the age of 80 in July this year.

He remains chairman of the parent companies, but he made Mr Jess Soderberg, 49, the group's chief executive from July 1. Mr Soderberg's entire career has been with Moller, where he became finance director before being made a partner and chief executive.

The Moller group's oil and shipping operations had a turnover in 1992 of about DKr23bn ($3.5bn) and reported net profits of DKr1.5bn.

Strong PC demand helps lift Intel to record quarter

By Louise Kehoe in San Francisco

INTEL, the world's largest computer chip maker, yesterday reported record revenue and earnings for the third quarter.

Net income increased 143 per cent over last year's corresponding quarter, while revenues advanced 57 per cent.

Intel, the dominant supplier of microprocessor "brain" chips for personal computers, is riding on a wave of strong demand for PCs.

The company's 486 DX2 microprocessor has become the "workhorse of business computing", said Mr Andrew Grove, president and chief executive.

Net income was $584m, or $1.33 a share, compared with $241m, or 56 cents, in last year's third quarter. Revenue for the quarter rose to $2.24bn, up from $1.43bn last time.

The company said its nine-month revenue and net income exceeded the corresponding totals for all 1992.

For the first nine months of 1993, net income advanced to $1.7bn, or $3.86 a share, from $638m, or $1.49 a share, in the same period last year. Revenue was $6.39bn, up 60 per cent.

Earnings were in line with Wall Street's expectations, but failed to match the most optimistic projections. Intel's stock price fell to $68¾ at midday, down from a Friday close of $70¼, in heavy trading.

Intel said it expected to ship "hundreds of thousands" of its latest microprocessors, called Pentium, this year and millions next year. It added that about 100 Pentium-based computers will be launched by computer manufacturers later this year.

The company said strong demand for other semiconductor products, including flash memory chips and microcontrollers, contributed to its strong third-quarter revenues.

During the quarter two other chip manufacturers announced plans to compete with Intel in the PC microprocessor market. Texas Instruments of the US and United Microelectronics of Taiwan are the latest entrants into a growing field of Intel "clone" chip makers.

● Sun Microsystems announced yesterday it had set up a sales and distribution organisation for Sparc microprocessors and supporting chips, manufactured by Texas Instruments and other licensees.

Sparc chips are used in Sun's computer workstations. The move represents Sun's latest effort to establish Sparc as an alternative standard to Intel's microprocessors.

Regional US banks merge in $125m deal

By Patrick Harverson in New York

FLEET Financial, New England's biggest banking group, said yesterday it would pay $125m in stock to acquire Sterling Bancshares of Massachusetts.

The announcement comes just two weeks after Fleet's share price rose sharply amid talk that it would be taken over by an even bigger regional bank, NationsBank of North Carolina.

The acquisition of Sterling, however, is not regarded as a defensive manoeuvre to discourage NationsBank from launching a bid.

The Fleet-Sterling deal is the third regional banking merger unveiled in the last month, which suggests that a new round of consolidation in the US banking industry is under way. Last month, the second and third largest banks in Wisconsin, Marshall & Ilsley and Valley Bancorp, announced they would merge in a transaction valued at almost $1bn. On October 5, Keycorp and Society Corporation, two banks with operations in several states, unveiled a merger that will create the 10th largest bank in the US with assets of $58bn.

Sterling has assets of almost $1bn and operates 13 banking offices in Massachusetts, which will be added to Fleet's 155 branches in the state.

Fleet's chairman and chief executive Mr Terrence Murray said the acquisition would allow it to expand its middle-market corporate lending, consumer services and investment services businesses in the region.

Under the terms of the deal, which has yet to be approved by Sterling's shareholders and banking authorities, Fleet will offer 1.1575 of its own shares for every Sterling share, which are valued at $39.50 each.

News of the acquisition lifted Sterling's stock $5⅞ to $35⅞ on the over-the-counter Nasdaq market. Fleet's shares eased $⅝ to $33¾ on the New York Stock Exchange.

BHP reveals 50% PNG mine stake

By Nikki Tait in Sydney

BROKEN Hill Proprietary, the Australian steel and natural resources group, yesterday confirmed that it now has a stake of more than 50 per cent in Ok Tedi, the large copper and gold mine in Papua New Guinea.

The increase in BHP's stake follows the decision by Amoco, the US oil group, to sell its 30 per cent interest in the mine.

BHP, which already held a similar 30 per cent interest, is understood to have acquired the Amoco stake and is expected to pass on one-third of this to the Papua New Guinea government.

Yesterday's announcement said the government was expected to raise its holding from 20 per cent to 30 per cent, with effect from January 1 1994.

Metall Mining Corporation, the Canadian subsidiary of Germany's Metallgesellschaft, has also doubled its interest in the project recently, to 15 per cent, by buying out the 7.5 per cent stake held by Degussa.

The remaining 5 per cent interest is held by DEG, the German government's overseas development body.

BHP declined to discuss how much it had paid for the stake, or the terms of transaction, saying that discussions over final details of the ownership structure at Ok Tedi were continuing.

There has been speculation that BHP would pay less, on a pro rata basis, than the US$35m which MMC paid for the additional 7.5 per cent holding, but would indemnify Amoco against future indemnity claims.

The Ok Tedi project was developed at a cost of US$1.4bn in the 1980s.

Expected life of the mine is expected to be at least 15 years.

GFSA reaps benefit of higher average gold price in first term

By Philip Gawith in Johannesburg

A 17 per cent rise in the average gold price received helped Gold Fields of South Africa lift after-tax profit from its gold mines by nearly 30 per cent to R396.6m (US$115m) from R306.6m in the first quarter, which ended in September.

The mid-year price spike in the gold bullion market saw the average price rise to R41,640 a kg from R35,672 a kg the previous quarter.

Gold Fields does not hedge any of its production, so the price accurately reflects the spot market.

However, Mr Alan Munro, executive director, pointed out that this price was still lower in real terms than the price of between four and five years years ago.

Overall group production rose slightly to 29,258kg in the quarter from 28,775kg in June.

Working profit increased by 45 per cent to R491.3m from R337.8m, but the tax bill more than doubled to R148.6m from R72.4m, which restricted growth in bottom-line earnings.

Mr Munro would not comment on whether the better gold price (following the recent weakening of the rand, it is still trading close to R40,000 a kg) would encourage any new mines to be developed, but said existing producers were busy with substantial replacement tonnage schemes.

Driefontein, the group's flagship producer, had a steady quarter, with West Driefontein continuing to recover from disruptions caused by fire and East Driefontein again the star performer.

After-tax profits rose to R185.9m from R161.9m, but the tax bill rose to R142.5m from R67.5m.

Kloof, the other large producer in the group, fared rather better because the merger last year with Libanon and Venterspost resulted in it paying barely any tax.

As a result, after-tax profits increased to R187.5m from R114.1m.

Mr Munro also pointed to the turnround at the Libanon division, which would have been closed but for the merger.

The mine made a working profit of R7.7m, following a R15.2m loss in the previous quarter.

Of the other two producers in the group, the marginal Doornfontein made a taxed profit of R4.6m, down from R15.3m, while Deelkraal increased profits to R18.6m from R15.2m.

Alcoa of Australia ahead after nine months

By Nikki Tait

THE WEAKER Australian dollar and the benefits of expansion at the Wagerup refinery helped push up profits at Alcoa of Australia, the intergrated aluminium producer, in the nine months to end-September. Net profits before abnormal items rose 47.6 per cent to A$300.4m (US$198m).

The results, which were reached on total revenues of A$1.66bn against A$1.61bn last time, were also aided by lower corporate taxes.

However, even before tax and abnormals, Alcoa of Australia, in which Alcoa of America and Western Mining Corporation are the largest shareholders, posted a 37.3 per cent improvement to A$453m.

After abnormals, the company made a net A$360.1m, compared with A$203.5m in the same period last year.

Alcoa said the results reflected the favourable impact of the alumina refinery expansion on production, shipments and costs, and the weaker Australian dollar.

These benefits were partially offset by lower US dollar prices for aluminium ingot, can sheet and alumina, lower interest income and lower ore grade from gold-mining operations. Gold production for the period was 103,885 fine ounces, compared with 124,712 ounces in the first nine months of 1992.

Sprint takes $56m charge

By Frank McGurty in New York

SPRINT, the US telecommunications company, is to take an after-tax charge of $56m, or 16 cents a share, to cover the cost of restructuring, tax increases and debt reduction in the third quarter.

Most of the provision is associated with the cost of reorganising the company's operations following its merger with Centel, a Chicago-based provider of cellular and local telephone services.

Sprint, the third-largest long-distance telephone company in the US, acquired Centel in a $3.6bn stock-swap deal completed in March.

Mr Charles Schelke, an analyst at Smith Barney Shearson, said the announcement would have no effect on his third-quarter earnings forecast of 51 cents a share.

In the quarter to the end of September 1992, Sprint posted net income of $115m, or 52 cents a share.

The results are not directly comparable to figures for the current quarter because of the issue of new shares as part of the Centel acquisition.

The warning by Sprint follows an announcement in August of a plan to eliminate about 1,000 jobs, about 5 per cent of the workforce, at its long-distance division.

In addition, two facilities in Indiana and Virginia are to be closed. In the first quarter, Sprint said it would eliminate 1,500 jobs as part of a consolidation of its cellular and local telephone operations.

In breaking down the components of the third-quarter charge, Sprint said the cost of restructuring would reduce after-tax earnings in the period by $28m. Federal tax increases enacted in August would require it to take a one-time charge of $13m, or 4 cents. A further $15m charge would cover the cost of refinancing and the early retirement of debt.

On Wall Street, Sprint fell $⅛ to $36⅞ in early trading yesterday.

East European buy for KJS

By Matthew Kaminski in Warsaw

KRAFT Jacobs Suchard (KJS), part of Philip Morris of the US, this week took a further step into the eastern European food market by acquiring 67 per cent of Lithuania's Kaunas Confectionery Company for $16m.

Mr Bernard Huber, KJS vice-president for central and eastern Europe, called the deal "an important part of our east European confectionery strategy". The purchase price includes a commitment to invest $12.5m in the business, which employs 800 people.

KJS, which expects total revenues of $9bn this year and is the third-largest food manufacturer in Europe, has made similar acquisitions in Hungary, Slovakia, the Czech Republic and Poland.

The deal marks the second foray into Lithuania by Philip Morris, which in April beat British American Tobacco to acquire the Klaipeda Tobacco Company for $40m – the biggest western investment in the Baltic states so far.

The Kaunas deal repeats a pattern which has marked Philip Morris' entry into other east European markets. Shortly after it bought a majority stake in the Czech Tabak cigarette factory last year, Jacobs Suchard bought Figaro, a confectionery company in the Slovak Republic.

Last summer Jacobs Suchard, a confectionery and coffee business which is in the process of merging with Kraft, acquired Dadak, a Czech spice producer.

Inexpensive western consumer products, such as cigarettes and chocolates, are in strong demand in the former Soviet bloc. It is estimated that 700bn cigarettes are sold in the region every year.

In Lithuania, Philip Morris and KJS have inherited a virtual monopoly propped up by high import duties. Kaunas, the country's largest sweets company with $10m in total sales, sells 90 per cent of its output on the domestic market.

But KJS may want to tap the export potential. Though Lithuania is a small country of 3.7m people, it is often seen as a stepping stone to larger neighbouring markets. By buying local companies, Philip Morris and its subsidiary inherit informal trade contacts cultivated under Soviet rule that may help to smooth any future moves east.

Estonia, Latvia and Belarus are the markets closest to Lithuania. But Russia remains the most lucrative – in particular the St Petersburg region, which includes northern Europe's largest city and a population approaching 9m.

Canadian waste group expands

By Robert Gibbens in Montreal

PHILIP Environmental of Canada is buying two US hazardous waste companies for almost US$100m.

The acquisition of Seattle-based Burlington Environmental for US$75m and Nortru for US$23m will add hazardous waste, recycling and environmental engineering revenues of US$120m to Philip's annual volume. This will increase Philip's total sales to about US$325m.

Philip, based in Hamilton, Ontario, is financing the deal by selling US$120m of special warrants to underwriters, allowing investors to buy convertible debentures.

St Lawrence Cement, eastern Canada's biggest cement maker which is controlled by the Swiss Holderbank group, bought 11 per cent of Philip in 1991 and has the right to maintain an interest up to 22 per cent.

Philip is an industrial recycler, which also collects waste and operates landfill sites across Canada and in key US markets. It had dropped plans for an equity issue because of poor first-quarter results. Its latest acquisition was a Hamilton-based metals recycler.

Philip recorded first-half net profit of C$4.8m (US$3.6m), or 15 cents a share, down from C$7m or 24 cents, a year earlier. It blamed the first-quarter problems on severe weather and said the shortfall would be made up by year-end.

Mr Allen Fracassi, president, said Philip would apply the $22m remaining from the warrant issue to reduce debt.

● Belgium's Tractabel has formed a joint venture with the Montreal property and construction group Desourdy to introduce new European waste treatment technology to the Canadian market. Projects worth C$50m are planned in Ontario and Quebec.

Arab Banking sells 20% of HK unit

ARAB Banking Corp, one of the Middle East's biggest banks, has announced an agreement to sell 20 per cent of its wholly-owned Hong Kong subsidiary to a Chinese group, Reuter reports from Manama.

ABC chief executive Mr Abdulla Saudi said that ABC also hoped soon to offer 25 per cent of the subsidiary, International Bank of Asia, to investors in Hong Kong.

The 20 per cent stake will go to China Everbright Holdings, the Hong Kong arm of the Everbright group under the control of China's State Council, ABC said.

The deal is subject to final approval from the Monetary Authority of Hong Kong.

"We are very soon going to offer 25 per cent on the Hong Kong stock market," Mr Saudi said. "This will hopefully take place in the very near future."

The sales form part of ABC's strategy of forming strategic alliances around the world while still maintaining a controlling interest in its subsidiaries.

ABC was particularly keen to position itself to take advantage of China's fast growth, Saudi said, and this link-up will enable it to do so.

Mitsui seeks to sell hotel held as collateral

By Emiko Terazono in Tokyo

MITSUI Trust & Banking, a leading Japanese trust bank, has filed for court approval in Hawaii to auction an hotel in Waikiki, held as collateral against loans to Azabu Tatemono, a real estate company burdened by heavy borrowings.

Japanese banks, under pressure from mounting bad loans, have increased efforts to sell collateral taken for the loans.

The move to sell the Hyatt Regency Waikiki, a 1,230-room luxury hotel on Oahu Island, follows a row earlier this year between Mitsui Trust, Azabu's main creditor, and Mr Kitaro Watanabe, owner of Azabu.

Mitsui Trust officials said they would gradually try to unload collateral held against loans to Azabu.

Reliance posts 14% advance at midterm

By Stefan Wagstyl in New Delhi

RELIANCE Industries, the Indian textiles and chemicals group currently in the middle of the country's largest corporate fund-raising exercise, yesterday posted a 14 per cent increase in interim pre-tax profits to Rs2.07bn ($65.8m).

Sales in the six months to the end of September rose 35 per cent to Rs24.7bn. Reliance said it had performed well in the first half and forecast "an even better performance on all major indicators in the second half".

Reliance Industries is the flagship of the fast-growing Reliance group headed by Mr Dhirubhai Ambani and his sons Mr Anil Ambani and Mr Mukesh Ambani.

Last year it raised funds for two plastics factories being built in partnership with Itochu, the Japanese trading company. Now it is raising Rs8.6bn in the first slice of a Rs21.7bn convertible bond issue for a new company, Reliance Petroleum, which plans to construct a Rs51.4bn oil refinery. If the project goes ahead as planned, the refinery will be India's biggest private-sector industrial investment.

Mr Dhirubhai Ambani has built Reliance over the last 25 years from a small trading company into one of India's largest industrial houses, rivalling much older combines such as the Tata group. Unlike longer established houses which are usually highly diversified, Reliance has concentrated on building a vertically integrated group focused on oil, petrochemicals and their derivatives such as artificial fibres, plastics and chemicals.

Joint venture with Goplana gives Nestlé Polish production base

By Christopher Bobinski in Warsaw

NESTLE, the international confectionery and foods company, has won the exclusive right from the Polish authorities to negotiate a joint venture with Goplana, the last major state-owned chocolate manufacturer. This gives Nestlé its first production base in the country.

The successful bid, mounted only two months ago, thwarts a two-year effort by E.D. and F. Man, the cocoa and sugar brokers, working with Elite Industries from Israel, to establish a joint venture with Goplana in Poznan, which controls 10 per cent of the domestic market.

Nestlé said it would take 42 per cent in the new joint venture, making its investment worth around $32m.

This leaves a 5 per cent share with the recently privatised Wielkopolski Bank Kredytowy based in Poznan, which bid with Nestlé.

The level of additional spending by Nestlé on developing Goplana has yet to be negotiated before a final contract is signed.

Poland's other important chocolate manufacturers have already been sold with Wedel, the best known brand going to PepsiCo Foods International, while Wawel in Krakow has been taken over by management and employees.

Kraft Jacobs Suchard have also bought Olza, a chocolate and biscuit maker in Cieszyn. Meanwhile, Pozmeat, a Poznan-based meat processor, was sold yesterday to management, employees and private investors, including Animex, a major meat foreign trader, in a deal valuing the plant at 80bn zlotys (US$4.1m).

The purchasers have pledged to invest 90bn zlotys over the next four years in Pozmeat, which reported sales worth 358bn zlotys in the first half of this year with a net profit of 10bn zlotys.

The sale came as the government announced that Rolimpex, Poland's state-owned grain and farm produce foreign trader, would be privatised through a public share offer by the end of March next year.

Up to 40 per cent of Rolimpex's shares are to be sold to private investors with 35 per cent retained by management and employees.

Twenty-five per cent of the equity is to be retained by the treasury and state-owned institutions.

ICI to build pipeline in Australia

By Nikki Tait

ICI AUSTRALIA, part of Imperial Chemical Industries, is to go ahead with construction of a A$300m (US$200m) pipeline linking the Moomba gas fields in South Australia with its Botany Bay petrochemical plant. This follows a decision by the South Australian government to sell ethane to the ICI plant.

ICI's expenditure will be spread over a couple of years. About A$170m will be spent on the pipeline; A$100m on the Botany Bay facility; and the remainder in South Australia's Cooper Basin. The pipeline will be about 1,380km long, and follow a similar route to the existing Moomba-Sydney pipeline.

The aim is to switch the Botany Bay plant over to South Australian ethane by May 1996. ICI has been anxious to secure long-term feedstock supplies locally.

The decision to sell ethane to ICI followed a deal between the South Australian authorities and the Queensland government for the latter to supply natural gas to South Australia after existing contracts between the states expire in 2003.

Phone privatisation proves profitable in Venezuela

Joseph Mann reports on the two-year transformation of a previously under-funded public company

NEARLY two years after taking operating control of Venezuela's national telecommunications concern, GTE of the US has provided the Caracas government with an opportunity to ease the state's fiscal deficit.

Compania Anonima Telefonos de Venezuela (CANTV) has been turned from a money-losing, inefficient concern into a profitable company, although GTE has a long way to go in its transformation.

The Venezuelan government, which owns 49 per cent of CANTV following a partial privatisation in 1991, hopes to raise some $800m from the sale of part of its stake this year.

GTE led Venworld Telecom, the international consortium that won 40 per cent of CANTV with a bid of $1.89bn. Venworld is controlled by GTE, which has 51 per cent, and has four other partners: Telefonica de Espana (16 per cent), La Electricidad de Caracas (Venezuela's largest private utility, holding 16 per cent), CIMA (the investment arm of Venezuela's Banco Mercantil group, with 12 per cent) and AT&T (5 per cent). CANTV employees will eventually own 11 per cent of their company's shares.

CANTV was in poor shape when it was privatised. An erratic telephone service was not only a social irritant, but also seriously hindered economic development. Under government ownership CANTV invested little in equipment and had an appalling record in maintenance and service to the public.

For example, in 1991 Venezuela had eight telephones per 100 inhabitants, compared with 49 per 100 in more developed countries. Digital lines accounted for only 20 per cent of total lines (62 per cent), 80 per cent of outgoing international calls were not completed (35 per cent), and 57 per cent of public telephones were out of service at any time (5 per cent).

Since December 1991, Venworld has made more capital investments than the country's telecommunications industry received over the previous two decades. The "new CANTV" invested $500m last year and plans capital outlays of $650m in 1993 as part of a $6bn capital investment programme between 1992-2000.

Other than using its own cash to invest, the company will receive more than $300m in loans this year from external sources such as export-import banks in the US, Japan, France, Germany and Sweden, as well as from syndicated bank loans and commercial paper.

Investments cover new digital telephone lines, new public telephones, infrastructure and service improvements, installation of fibre-optic systems, expansion of international telecommunications capacity, rural and cellular telephone systems, new services for telephone customers, businesses and other communications clients, plus other areas.

CANTV installed 413,000 digital telephone lines in 1992 and is adding 459,000 more this year. It installed or replaced 18,400 public telephones last year, and is aiming for another 17,000 by December.

Customers have noticed a big improvement in reliability of services, and repairs are often done within days rather than weeks or months.

Financial results during the first year of privatisation were also a big improvement over previous years, when CANTV regularly produced red ink and paid little in taxes to the Venezuelan treasury.

Using figures adjusted for inflation, CANTV had operating revenues of $986m in 1992 (78.5bn bolivars), up from $637m the previous year. Net income for 1992 was $169m, compared to a loss of $72m in 1991. The improvement was due to higher rates for telecommunications services, better collection procedures and expanded services.

Aside from normal income taxes, CANTV now also pays the treasury a special tax of 5 per cent of its ordinary annual revenues, plus quarterly royalty fees.

The 35-year concession contract grants CANTV the exclusive right to operate all local and long-distance (national and international) telephone services for nine years. Other services, such as cellular phones and data transmission, are open to competition.

There is still debate among Venezuelan officials and CANTV executives over when the government should put its remaining shares up for sale. While some in the cash-strapped government want to tap the US stock market as soon as possible to shore up official finances this year, others argue that the uncertainties of a presidential election year and recent political upheavals will have a negative effect on the sales price of shares.

Pricing for these new shares is also a problem, since the privatisation is still in its early stages and the company declared no dividends in 1992.

CANTV's privatisation, the biggest sale of Venezuelan state assets so far and one of the largest in Latin America, is a big test for the government's privatisation programme – and for CANTV, which must continue to develop services, retrain (or replace) the 20,000 employees it inherited from the days of government ownership, and cope with a militant labour union in Caracas.

Markets wait for German court decision on EMU

By Conner Middelmann

EUROPEAN bond markets were quiet yesterday as participants eyed today's ruling by the German Constitutional Court on the Maastricht treaty for European monetary union (EMU). Moreover, holidays in Japan, the US and Canada kept a lid on activity, leaving prices

GOVERNMENT BONDS

to drift lower on moderate volume.

While Germany's supreme court is widely forecast to rule in favour of the treaty, many expect it to attach provisos which could further delay the timetable for EMU and undermine the weaker currencies in Europe's exchange-rate mechanism (ERM).

These expectations triggered some unwinding of trades based on European economic convergence and sparked speculative switching into German assets, causing bunds to outperform most markets and reinforcing the D-Mark.

After a short-lived breach of key resistance at 100 – hitting a record high at 100.02 – the December Bund future drifted lower to end at 99.76.

The Bundesbank's call for repo tenders is likely to be closely watched today.

Most market participants expect another two-week repo at a 6.70 per cent fixed rate and a variable-rate four-week repo, in spite of speculation last week that both tranches could be offered at variable rates.

*With payment on the govern*ment's new bunds due Friday and October tax payments beginning to drain money-market liquidity this week, "a reversion to variable-rate repos on the shorter tranche could risk a small rise in the minimum rate which the Bundesbank probably would wish to avoid", said Mr Paul Meggyesi, senior German economist at MMS International.

Elsewhere, the government today will issue 10-year bunds via the federal bond consortium, with another portion to be auctioned tomorrow.

Traders are betting on a 6 per cent coupon and expect the issue to total DM10bn.

■ UK gilts drifted lower in line *with most* European markets and the December long gilt contract slipped 3/32 to 114 5/32.

Remembering how higher-than-expected August inflation data had sent gilts tumbling last month, many investors *remained nervously sidelined* ahead of tomorrow's release of September RPI.

Participants are eyeing Friday's announcement of the next gilts auction, with many traders expecting a new five-year benchmark for next year.

■ IN France, the December notional bond futures contract eased 0.04 point to 123.98 on moderate turnover.

Traders reported some switching into bunds out of OATs, which caused French 10-year *bonds'* yield premium over bunds to widen to six basis points from two basis points on Friday.

■ DANISH bonds were the day's only winners, with the 10-year benchmark bond rising 0.30 of a point after the central *bank cut its leading interest* rates by ½ point.

Denmark has taken advantage of its new latitude to cut rates independently of the Bundesbank, aided by the strength of the krone, since the fluctuation bands for most ERM currencies were widened to 15 per cent on August 2.

■ BELGIAN bonds posted the biggest losses, with the 10-year benchmark bond falling nearly ½ point on the day.

The 10-year yield premium *over bunds rose* to 133 basis points, from 126 basis points on Friday.

Nevertheless, Mr John Hall, economist at Swiss Bank Corporation, feels "there is good value for medium-term investors with the spread around 130 basis points".

For one, Mr Hall argues, the market has discounted much of the uncertainty over the likelihood of a social pact.

Moreover, he expects a compromise pact to be delivered, and while it may not solve all of Belgium's problems, it will defuse the threat of an outright debt crisis.

He warned that a failure on the pact could push the spread out to 150 basis points and recommended that "more cautious investors wait until we see what the pact actually looks like".

The report from the committee of experts charged with preparing the social pact talks is expected to be published next week.

FT FIXED INTEREST INDICES

	Oct 11	Oct 8	Oct 7	Oct 6	Oct 5	Year ago	High *	Low *
Govt Secs (UK)	102.55	102.68	102.44	102.54	102.26	88.70	102.86	93.28
Fixed Interest	124.36	124.21	124.11	123.47	123.19	103.85	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4
Gilt Edged Bargains	90.6	90.0	107.1	108.9	90.1
5-Day average	97.3	96.3	99.3	104.3	102.4

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	123.6600	-0.793	6.61	6.69	6.61
BELGIUM		9.000	03/03	111.2500	-0.450	7.32	7.31	7.11
CANADA *		7.500	12/03	105.2500	-0.130	6.77	6.99	6.73
DENMARK		8.000	05/03	113.3500	+0.300	6.51	6.56	6.80
FRANCE	BTAN	5.750	11/98	100.3167	-0.332	5.67	5.57	5.60
	OAT	6.750	10/03	105.4100	-0.170	6.51	6.54	6.11
GERMANY		6.500	07/03	103.6300	-0.035	5.97	6.08	6.14
ITALY		10.000	06/03	107.0350	-0.255	9.39†	9.27	9.43
JAPAN	No 119	4.800	06/99	107.7353	-0.003	3.20	3.22	3.57
	No 157	4.500	06/03	104.8473	+0.073	3.92	3.81	4.10
NETHERLANDS		7.000	02/03	107.4500	-0.150	5.93	5.93	6.00
SPAIN		10.900	08/03	112.8500	+0.050	9.07	9.05	9.33
UK GILTS		7.250	03/98	103-27	-2/32	6.25	6.30	6.24
		8.000	06/03	105-04	-5/32	6.84	6.87	6.77
		9.000	10/08	116-25	-8/32	7.16	7.23	7.11
US TREASURY *		5.750	08/03	103-24	-2/32	5.25	5.32	5.24
		6.250	08/23	104-18	+1/32	5.92	5.98	5.95
ECU (French Govt)		6.000	04/03	109.3500	-0.350	6.64	6.77	6.56

London closing. *NA markets closed. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

HK group issues China convertible

By Simon Davies in Hong Kong

HENDERSON Land, the Hong Kong property developer, has issued HK$3.12bn (US$405m) in bonds which convert into shares in its unlisted subsidiary, Henderson China.

Henderson is the latest in a growing list of property companies which are capitalising on low interest rates and renewed global interest in Hong Kong shares, by issuing convertible preference shares or bonds.

The bonds have a three-year life and pay a coupon of 4 per cent. They can be redeemed at par, or converted into shares in Henderson China upon its initial public offering. There is no guarantee that the company will be successfully listed.

The share price of Henderson Land climbed 19 per cent yesterday with the issue apparently implying substantial value to the group's China assets. An independent audit has given an estimated net tangible assets per share for Henderson Land of HK$42.69, against yesterday's closing price of HK$28.70.

Mr Lee Shau-kee, chairman of Henderson, *said* the move "provides funds for our China property business and creates an opportunity for investors specifically interested in China".

Hong Kong investors have tended to shun companies with Chinese property interests, due to concerns over the impact of the austerity programme in China. *Overseas institutions* have been less concerned.

New World Development, a Hong Kong property developer with substantial Chinese exposure, reacted to local fears recently, by launching a US$200m Dublin-listed China investment fund.

The fund has acquired a number of the group's China infrastructure and property projects and is only 50 per cent owned by the company, reducing the parent company's exposure and raising funds for China investment.

Traders mark time as Columbus Day curbs activity

By Antonia Sharpe

THERE were relatively few new issues in the international bond market yesterday as the public holiday in the US restricted activity.

*However, syndicate manag*ers expect a wide range of new issues to emerge over the next two weeks. Belgium is expected to raise $500m through a fixed-rate offering of 10-year Eurobonds, priced to yield about 30 basis points over

INTERNATIONAL BONDS

underlying US treasuries. Banks made their bids for the deal yesterday and the mandate should be awarded today.

Depfa, Germany's largest mortgage bank, could launch its Eurosterling issue today or tomorrow, via Salomon Brothers and UBS. The issue of 10-year Eurobonds is likely to raise about £500m and be priced to yield 20 to 25 basis points over UK government bonds.

Regarding Turkey's planned Eurosterling issue, lead manager SG Warburg said that it *was not in a position to com*ment on the details of the offering following news last Friday that Moody's, the international credit rating agency, had placed Turkey's long-term credit rating under review for possible downgrading.

However, based on the feedback from investors following Moody's announcement, SG *Warburg remained optimistic* that the deal could be launched during the course of this week.

Banco Bamerindus, Brazil's third-largest private-sector bank, is expected to launch a $100m offering of five-year Eurobonds next Monday. Mr Anthony Pain, the bank's international and corporate director, said the bonds were *likely to be priced to yield* between 450 and 475 basis points over underlying US Treasuries.

The market is waiting for two issues from the European Community, one denominated in Ecu and the other in *D-Marks*.

Among yesterday's issues, Fisons, the UK pharmaceuticals company, made its first public bond issue since 1986 when it raised £100m through an offering of 10-year Eurobonds.

The yield spread of 120 basis points over gilts was seen to be fair in view of the company's *lack of a credit rating and the* residual negative sentiment following its poor equity performance. The bonds closed at 98.70 bid, with the spread intact.

Fokker, the Dutch aircraft manufacturer in which Daimler-Benz took a majority stake via its Deutsche Aerospace subsidiary last April, *raised DM500m through an* offering of five-year Eurobonds. A put option on the bonds was seen as an insurance policy for investors who had bought the bonds because of Daimler's commitment to building Europe's leading aircraft manufacturing group. Bondholders can exercise the put option in 1996 if Deutsche Aerospace decides to take its stake in Fokker below 50 per cent. Minus full fees, the bonds were priced to yield 81 basis points over medium-term German government notes. The bonds were trading at 99.30 bid in the afternoon, within fees.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Henderson Capital(a)§	400	(a)#	100	1996	2.50	-	Morgan Stanley/Wardley
D-MARKS							
Fokker(b)	500	6.25	101.75	Nov.1998	2.50	-	Commerzbank
GZB Bank Stuttgart(c)	150	6.125	102	Nov.2003	2.50	-	Trinkaus & Burkhardt
STERLING							
Fisons	100	8	98.735	Nov.2003	2.00	+120 (9¾-03)	JP Morgan Securities
GUILDERS							
Asfinag	350	6.125	100.10R	Nov.2003	0.25R	+21.6(6¼-03)	AEN Amro Bank
ITALIAN LIRE							
WestLB Europa	150bn	8	101.825	Oct.1998	1.875	-	San Paolo, Turin
SWISS FRANCS							
National Bank of Hungary	150	6.75	102	Dec.1999	-	-	UBS

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Convertible into Henderson China shares, for 12 months, at an indicated discount of 5-7% to the IPO price. 12 months after the IPO the bonds will be mandatorily converted at the discounted IPO price. Fixing: next Tuesday or Wednesday. Indicated coupons: 4% in year 1, 4½% in year 2, 5% in year 3. During the 12 months after the IPO the bonds will bear interest at 5%. If an IPO does not occur within 3 years the bonds will be redeemed at 107%. b) Puttable from 18/5/96 if Deutsche Aerospace reduces shareholding to <50%. c) Convertible into a 6¾% bond with the same maturity. Conversion price will be the average price of the 6¾% bund due 2003 on 9, 10 & 11/10/96. Conversion period: 16/10/96 - 5/11/96.

Ford Credit Europe plans $4bn funding

By Conner Middelmann

FORD Credit Europe will launch several funding programmes in coming weeks to finance the growth of its various European units.

The company plans to launch a US-commercial paper programme totalling $1.5bn and a Euro-CP programme worth $1bn, Ford said.

In addition, a planned Euro medium-term-note (MTN) programme, scheduled for early November, will total up to $1.5bn, it said.

Under this programme Ford will be targeting the shorter end of the maturity spectrum, with most issuance likely in the 10- to 15-year sector, Ford said.

The CP-programmes are rated A-1 by Standard and Poor's and P-1 by Moody's Investors Service, while the MTN programme has been rated A by S&P and A-2 by Moody's.

Chile makes early payment of Eurodebt

CHILE, which was one of the first Latin American countries to return to Eurobond markets after the 1980s debt crisis, has pre-paid its $320m bond issue placed as part of its 1991 debt refinancing accord, Reuter reports from Santiago.

Mr Jose Pablo Arellano, Chile's finance ministry budget director, said the operation was completed last month when the government paid $260m for outstanding bonds.

Chile placed $200m in Eurobonds with a five-year maturity plus two years of grace at Libor plus 1.5 per cent in 1991 and in 1992 followed with a $120m placement.

A total of 20 banks from the US, Japan and Europe subscribed the issue.

Mr Arellano said the difference between the $260m and $320m total issue was accounted for by bonds which had already been repaid under the scheduled amortisation calendar.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on October 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Abbey Natl Treasury 6½ 03	1000	104⅛	104⅜		5.92
AlbertaProvince 9⅜ 95	600	109⅞	110¼		4.22
Austria 8½ 00	400	117⅛	117½	+⅛	5.23
Bank of Tokyo 8⅜ 96	100	108¼	109	+¼	4.74
Belgium 9⅝ 98	250	118⅞	119¼		5.04
BFCE 7¾ 97	150	109⅝	110¼	+⅛	4.61
British Gas 0 21	1500	14	14⅛	+⅛	7.26
Canada 9 96	1000	110½	110¾		4.24
CCCE 9¼ 95	300	107⅛	107⅜		3.85
Council Europe 8 96	100	109	109⅜		4.51
Credit Foncier 9½ 99	300	120⅛	120½		5.11
Denmark 9¼ 95	1571	107⅜	107⅝	-⅛	3.87
ECSC 8¼ 96	193	110	110⅜	-⅛	4.74
EEC 8¼ 96	100	108⅞	109½	-⅛	4.65
EIB 7¾ 96	250	108⅛	108⅝	-⅛	4.52
EIB 9¼ 97	1000	116¼	116⅝		4.78
Elec de France 9 98	200	115⅜	115¾	-⅛	5.02
Euro Cred Card Tst 9 94	325	104⅞	105⅛		3.98
Eurofima 9¼ 96	100	111⅛	111¾	+⅛	4.29
Ex-Im Bank Japan 8 02	500	115½	115¾	+⅛	5.67
Export Dev Corp 9½ 98	150	118	118½		5.13
Finland 7⅞ 97	200	107⅞	108¼	-½	5.36
Finnish Export 9⅜ 95	200	109⅞	110¼	+⅛	4.22
Ford Motor Credit 6¼ 98	1500	104	104⅜		5.28
Gen Elec Capital 9⅜ 96	300	111⅞	112⅜		4.52
GMAC 9⅛ 96	200	108⅜	109⅜		5.16
Ind Bk Japan Fin 7⅞ 97	200	108⅞	109½	+¼	5.04
Inter Amer Dev 7⅜ 96	200	108⅝	109		4.40
Italy 8½ 94	1500	104⅞	105⅛		3.64
Japan Dev Bk 8⅜ 01	500	117⅛	117½		5.47
Kansai Elec Pwr 10 96	350	112⅝	113⅛	+⅛	4.46
LTCB Fin 8 97	200	107⅞	108¼		5.38
Matsushita Elec 7¼ 02	1000	109½	109⅞		5.94
Nippon Cred Bk 10⅛ 95	150	109⅝	110	-⅛	4.82
Nippon Tel Tel 9⅜ 95	200	107⅛	107½		3.99
Norway 7¼ 97	1000	108¼	108½	+⅛	4.64
Ontario 7⅜ 03	3000	109⅞	110⅛	+⅛	6.06
Oster Kontrollbank 8½ 01	200	118¼	118½	+⅛	5.43
Petro-Canada 7¼ 96	200	106½	107⅛		4.52
Portugal 5¾ 03	1000	100⅛	100⅜	+⅛	5.82
Quebec Hydro 9¾ 98	150	118⅝	119¼		5.38
Quebec Prov 9 98	200	113¾	114⅛	-⅛	5.45
Sainsbury 9⅛ 96	150	111⅝	112¼		4.83
SAS 10 99	200	115⅞	117⅜	+⅜	6.40
SBAB 9½ 95	500	108⅛	108⅝	-⅛	4.23
SNCF 9½ 98	150	118⅜	118¾		5.06
Spain 6½ 99	1500	106⅝	106⅞	+⅛	5.18
State Bk NSW 8½ 96	200	109½	110⅛		4.89
Sweden 5½ 95	2000	102⅝	102⅞		4.18
Swedish Export 8⅜ 98	700	109	109⅜		4.46
Tokyo Elec Power 8¾ 96	300	110⅞	111¼		4.61
Tokyo Metropolis 8¼ 96	200	110½	110⅞		4.51
Toyota Motor 5⅝ 98	1500	102½	102¾		4.97
United Kingdom 7¼ 02	3000	111¼	111½	+⅛	5.64
World Bank 8⅜ 99	1500	116½	117		5.20
World Bank 8¾ 97	1500	113⅜	113⅝	+⅛	4.50
DEUTSCHE MARK STRAIGHTS					
Austria 5⅞ 97	500	101⅜	101⅞		5.41
Belgium 7¾ 02	500	108⅝	109	-⅛	6.38
Credit Foncier 7¼ 03	2000	106⅝	106⅞	+¼	6.29
Denmark 6⅛ 98	2000	101¼	101¾	+⅛	5.79
Deutsche Finance 7½ 95	1000	102⅜	102⅝	-⅛	5.50
ECSC 8⅝ 96	700	108	108¼		5.79
EEC 6½ 00	2900	103⅛	103½	+¼	5.85
EIB 7½ 99	400	107¾	108⅛	+¼	5.96
Finland 7½ 00	3000	108½	108¾	+⅛	6.21
Ireland 7¾ 02	500	109⅛	109⅝	+¼	6.39
Italy 7¼ 98	5000	104¾	104⅞		5.96
Spain 7¼ 03	4000	106⅝	108⅛		6.29
Sweden 8 97	2500	107⅞	108	+⅛	5.84
Tokyo Elec Power 7⅝ 02	1000	108⅜	108⅞	+¼	6.36
United Kingdom 7⅛ 97	5500	105⅛	105¼		5.67
Volkswagen Intl Fin 7 03	1000	102	102½		6.70
World Bank 0 15	2000	27⅛	27⅜		6.06
World Bank 5¾ 96	300	103⅛	103⅝	+⅞	4.35
World Bank 8¾ 00	1250	119⅞	120⅜	+⅛	5.08
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	114⅜	114½	+⅛	4.75
Council Europe 4¾ 98	250	102½	103		4.10
EIB 6¾ 04	300	114	114¼		5.06
Elec de France 7¼ 06	100	116	116¾		5.42
Finland 7¼ 99	300	113½	114		4.62
General Motors 7½ 95	100	103¾	104		5.13
Hyundai Motor Fin 8½ 97	100	108½			6.00
Iceland 7⅝ 00	100	115	116		4.97
Kobe 6⅜ 01	240	111¼	112		4.82
New Zealand 4⅞ 99	200	101	101¼		4.65
Ontario 6¼ 03	400	109⅛	109½		4.88
Quebec Hydro 5 08	100	98¾	99¾	-¼	5.12
SNCF 7 04	450	118½	119	+¼	4.79
World Bank 5 03	150	103	103¼		4.61
World Bank 7 01	600	115	116¼		4.58
YEN STRAIGHTS					
Belgium 5 99	75000	105¾	106		3.93
Denmark 7 95	40000	105⅜	105⅝		2.73
EIB 6⅝ 00	100000	114⅞	115⅛		3.95
Elec de France 5⅝ 98	30000	107	107½		3.17
Finland 6¾ 96	50000	108⅜	108⅝		3.14
Inter Amer Dev 7¼ 00	30000	118⅞	119⅛	+⅛	3.84
Japan Dev Bk 5 99	100000	107⅛	107⅜		3.65
Japan Dev Bk 6½ 01	120000	116⅛	116⅜	+⅛	4.08
Nippon Tel Tel 5⅞ 96	50000	108⅛	108⅜		2.96
Norway 5⅛ 95	60000	103¼	103½		2.84
SNCF 6¾ 00	30000	115⅛	115⅜		4.01
Sweden 5⅝ 95	20000	105	105½		2.85
World Bank 6¾ 00	50000	115⅝	115⅞		3.94

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Arbed 7½ 95 LFr	600	99⅜	100⅜		7.86
Genfinance Lux 9⅛ 99 LFr	1000	107¼	110½		7.45
World Bank 8 96 LFr	1000	101	102		7.52
Bank Voor Ned Gem 7⅝ 02 Fl	1000	108⅞	109¼	+¼	6.32
Energie Beheer 8¾ 98 Fl	500	111	111½		6.16
AlbertaProvince 10⅝ 96 C$	500	109¾	110¼		6.00
Bell Canada 10⅝ 99 C$	150	115¼	115⅞	+⅜	7.28
British Columbia 10 96 C$	500	109¼	109¾	+⅛	6.08
EIB 10⅛ 98 C$	130	113¾	114⅛	+⅛	6.55
Elec de France 9¾ 99 C$	275	112⅝	113⅛	+⅛	7.06
Gen Elec Capital 10 96 C$	300	108⅝	109¼	+⅛	6.35
KfW Int Fin 10 01 C$	400	114⅜	114⅞		7.39
Nippon Tel Tel 10¼ 99 C$	200	114⅝	115¼	+¼	7.17
Ontario 8 03 C$	1500	103⅝	104	+⅜	7.60
Ontario Hydro 10⅞ 99 C$	500	116⅛	116⅜	+⅛	7.16
Oster Kontrollbank 10¼ 99 C$	150	114½	115⅛	+⅛	7.10
Quebec Prov 10½ 98 C$	200	114⅛	114¾		7.11
Belgium 9⅛ 96 Ecu	1250	105⅝	105¾		6.52
Council Europe 9 01 Ecu	1100	113⅜	113¾	+¼	6.79
Credit Lyonnais 9 96 Ecu	125	104⅛	105	-¼	7.11
EIB 10 97 Ecu	1125	110¼	110½		6.47
Ferro del Stat 10⅛ 98 Ecu	500	110⅞	111⅜	-⅛	7.05
Italy 10¾ 00 Ecu	1000	118⅜	118¾	-⅛	7.11
Spain 9 96 Ecu	1000	105⅝	105⅞		6.56
United Kingdom 9⅛ 01 Ecu	2750	114	114⅛	+⅛	6.65
AIDC 10 99 A$	100	114⅝	115	+¼	6.80
BP America 12¼ 96 A$	100	112⅞	113⅝		6.27
Comm Bk Australia 13¾ 99 A$	100	133	133½	+½	6.81
Eksportfinans 12⅜ 95 A$	75	109⅝	110⅜	-⅛	5.99
McDonalds Canada 15 95 A$	100	114¼	114¾	-⅛	5.95
NSW Treasury Zero 0 20 A$	1000	14⅝	14⅞	+⅛	7.35
R & I Bank 7¾ 03 A$	125	103⅜	103⅞	+¼	7.24
Sth Aust Govt Fin 9 02 A$	150	110⅞	111⅜	+½	7.30
Unilever Australia 12 98 A$	150	120⅜	120¾	+⅜	6.59
Abbey Natl Treas 13⅜ 95 £	100	109⅝	109⅞		5.83
Alliance Leics 11⅞ 97 £	100	114	114½	-⅛	6.80
British Gas 12¾ 95 £	300	108⅜	108⅞	-⅛	5.99
British Land 12½ 16 £	150	138	138½	-⅜	8.99
EIB 10 97 £	637	110¼	110½		6.44
Halifax 10⅜ 97 £	100	111⅛	111⅝		6.58
Hanson 10⅜ 97 £	500	111	111⅜		7.13
HSBC Holdings 11.69 02 £	153	121⅛	121½	-⅛	8.21
Italy 10½ 14 £	400	124¼	124⅝		8.04
Land Secs 9½ 07 £	200	110⅜	110¾	-¼	8.19
Ontario 11⅛ 01 £	100	119⅞	120¼		7.49
Powergen 8⅞ 03 £	250	109⅛	109½		7.48
Severn Trent 11½ 99 £	150	118¾	119⅛	+⅛	7.37
Tokyo Elec Power 11 01 £	150	121⅜	121¾		7.25
World Bank 11¼ 95 £	100	107⅞	108¼	-⅛	5.98
Abbey National 0 96 NZ$	100	82⅝	83⅛		8.72
TCNZ Fin 9¼ 02 NZ$	75	114⅝	115⅜	-⅛	6.98
CEPME 10 95 FFr	2000	108¼	108½		6.02
Elec de France 8¾ 22 FFr	3000	121⅝	122⅛		8.98
SNCF 9¼ 97 FFr	4000	110⅜	110¾		5.87

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.53	99.73	3.1875
Belgium 1/16 97 DM	500	99.97	100.07	6.4375
BFCE -0.02 98	350	99.86	99.98	3.2500
Britannia 0.10 96 £	150	99.78	99.92	6.1625
CCCE 0 06 Ecu	200	98.80	99.05	7.5469
Citicorp Bkg ¼ 98	400	100.00	100.37	5.2500
Credit Lyonnais 3/16 00	300	100.19	100.56	5.0000
Denmark -⅛ 96	1000	99.61	99.72	3.1875
Dresdner Finance 3/16 98 DM	1000	99.88	99.99	6.9688
Elec de France ⅛ 99	400	101.76	102.47	5.2500
Ferro del Stat 1/10 97	420	99.81	99.84	3.2875
Finland 0 97	1000	99.86	99.94	3.5000
Halifax BS 1/16 95 £	350	99.93	100.02	6.0625
Ireland 0 98	300	99.67	99.80	3.4400
Italy ¼ 98	2000	100.10	100.17	3.4375
Leeds Permanent ⅛ 96 £	200	99.90	100.00	6.0625
Lloyds Bank Perp S 0.10	600	82.80	83.80	3.5375
Malaysia 1/16 05	650	100.85	101.12	5.2500
Nationwide 0.08 96 £	300	99.77	99.88	6.2050
New Zealand ⅛ 99	250	100.00	100.13	3.4380
Renfe 0 98	500	99.38	99.55	3.1250
Societe Generale 0 96	300	99.83	99.78	3.2812
Staatsbank Berlin -0.05 98 DM	6000	99.85	99.92	6.6963
State Bk Victoria 0.05 99	125	99.49	99.70	3.5500
Sweden 0 98	1500	99.92	100.05	3.2500
United Kingdom -⅛ 96	4000	99.87	99.92	2.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	82½	101⅜	102¼	
Chubb Capital 6 98	250	86	112¾	113¾	+16.84
Eastman Kodak 6⅜ 01	300	60.87	113⅜	114⅜	-0.52
Gold Kalgoorlie 7½ 00	65	1.0554	107⅝	108⅝	+68.29
Hanson 9½ 06 £	500	2.5875	119⅝	118¾	+18.21
Hawley Pref 8 02	400	19.1	132¼	133⅞	
Land Secs 6¾ 02 £	84	6.72	105⅜	106⅜	+0.73
Lasmo 7¾ 05 £	90	5.64	94¾	95¾	
Mitsui Bank 2⅝ 03	200	2332.6	102⅝	104⅝	+16.02
Mount Isa Fin 6½ 97	100	2.283	101⅜	102¼	+70.62
Natl Power 6¼ 08 £	250	4.33	111	111⅞	+18.87
Ogden 6 02	85	39.077	98¼	99¼	+51.30
Smith Nephew 4 02 £	90	1.775	132¼	133½	+67.06
Sumitomo Bank 3¼ 04	300	3606.9	94½	95⅝	+22.97
Sun Alliance 7¼ 08 £	155	3.9	116¾	117	+14.78
Tesco Capital 9 05 £	200	2.51	120⅝	121⅝	+39.85
Texas Instruments 2¾ 02	300	62⅞	103½	104½	+25.22

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡ three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	41	25
Other Fixed Interest	5	5	5
Commercial, Industrial	284	259	878
Financial & Property	285	86	469
Oil & Gas	15	30	34
Plantations	4	0	4
Mines	53	13	72
Others	21	67	40
Totals	661	501	1,525

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	110	94	Anglian Water Wts	105½	-½	-	-	-	-
-	F.P.	-	£41¼	£35⅝	Beta Viet Nam Units	£41¼		-	-	-	-
90	F.P.	-	98	85	Crockfords	98	+3	W5.2	2.3	6.6	7.8
-	F.P.	-	70½	67	For & Col Special Inc	70		-	-	-	-
-	F.P.	-	46	42	Do Capital	42		-	-	-	-
-	F.P.	-	116	109	Do Units	112		-	-	-	-
130	F.P.	-	141	139	Hamlet	139		L5.8	2.0	5.2	12.1
-	F.P.	-	81	77	Ivory & Sime Ent. Cap.	78		-	-	-	-
-	F.P.	-	15	14	Do. Warrants	14		-	-	-	-
-	F.P.	-	5⅛	4¼	Regent A	5		-	-	-	-
-	F.P.	-	11	9½	Select Industries	10	-½	-	-	-	-
§112	F.P.	-	118	98	Shield Diagnostics	106	-2	-	-	-	-
§115	F.P.	-	123	114	WE Holdings	114	-1	L3.5	2.6	3.8	12.6
-	F.P.	-	3¼	3	Wiggins	3¼		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	112½p	103p	Aspray 6¼pc Cm Pf	110p	
-	F.P.	-	105p	103p	Baynes (C) 5.8p (Net) Cv Pf	105p	
100	F.P.	-	116⅛	105	Coats Viyella 6¼pc Cv Bds 2003	116¼	-⅛
-	F.P.	-	117	106	Ex-Lands 7½pc Cv Ln 2020	115½	
100	F.P.	-	109	98¼	Greenalls 7pc Cv Bds 2003	108¼	-¼
-	F.P.	-	92½	90	Ivory & Sime Ent. Cap. Cv Ln 2000	90	
-	F.P.	-	112½	104½	Natl. Power 6¼pc Cv Bds 2008	112½	
380p	Nil	-	73½pm	65pm	Scottish & Newcastle Non-Int ULS Uts	65pm	-1
-	F.P.	-	119½	107¼	Mezburg 6¼pc Cv Bds 2006	119½	+1
-	F.P.	-	113	107	Wilton 6¼pc Bds	112	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
140	Nil	22/10	34pm	31pm	Adwest	31pm	-1
120	Nil	4/11	18pm	6pm	Appleyard	10pm	
35	Nil	-	1pm	¼pm	Britannia	¼pm	
150	Nil	15/11	11pm	8pm	Friendly Hotels	9pm	
150	Nil	2/11	23pm	18pm	JIB	23pm	
280	Nil	2/11	77pm	48pm	MB Caradon	77pm	
160	Nil	10/11	23pm	13pm	Perry Group	13pm	
8	Nil	26/10	4pm	2¾pm	Phoenix Timber	2½pm	-½
120	Nil	3/11	23¼pm	13¾pm	Tarmac	21¼pm	-1½
72	Nil	13/10	10pm	5pm	Wates City of London	10pm	+3
2½	Nil	25/10	¾pm	⅛pm	Wiggins	¾pm	

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Sept. 27
- Last Dealings Oct. 8
- Last Declarations Dec. 30
- For settlement Jan. 10

3-month call rate indications are shown in Saturday editions.

Calls: Airtours, Alliance Res., Alphametric, Amstrad, Anglian Water, Blacks Leisure, Chloride, Division Grp., Guardian Royal Exchange, Hadleigh, Hollas, Mid-States, NMC, Pentos, Premier, Quadramatic, Ricardo, Shanl, TR Technology. *Puts:* Amstrad, Chloride, Hadleigh, Hollas, Quadramatic, Shanl. *Put & Call:* Alliance Res., Greycoat, Tie Rack.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Allied-Lyons	550	28	41	52	3	16	23
(*571)	600	4½	15½	27½	30	44½	50

Option		CALLS Nov	Feb	May	PUTS Nov	Feb	May
BAT Inds	450	27	41½	-	7	15	-
(*465)	475	13	27	-	19	25½	-

Option		CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
Lonrho	110	13	17	19½	4½	8½	10
(*117)	120	7½	12	14½	9	14	16

Option							
Grand Met (*417)	420	7½	24	31	10½	27	30½
Ladbroke	180	7	20½	22	4½	12	18
(*182)	200	1½	11½	13	20½	24½	31
Utd Biscuits	360	12	30	31	8½	20½	30½
(*368)	390	3½	17	18	33	38½	49½
Option		**Oct**	**Dec**	**Mar**	**Oct**	**Dec**	**Mar**
Fisons	160	9½	14½	21	3	6	14
(*168)	180	2	6	12½	16½	22½	26
Option		**Nov**	**Feb**	**May**	**Nov**	**Feb**	**May**
Brit Aero	390	26	46½	57	16½	33	42
(*403)	420	13	32	43	34½	45½	58½

Option							
(*559)	600	9	19½	27½	46½	54½	58½
Blue Circle	260	19	29½	32½	11	17	24½
(*285)	300	9½	16½	23½	22½	28	35½
British Gas	330	10	20	23	12½	18	25
(*332)	360	3	6	11½	37	38	44½
Dixons	260	23	31½	38½	10½	18	21½
(*269)	280	13	21½	28	20½	28	32
Eurotunnel	460	53½	-	-	19	-	-
(*487)	500	31	-	-	38	-	-
Hillsdown	160	12½	16½	18	5½	11	16
(*167)	180	4	8	9½	20½	23½	29½

PUTS								
Oct	½	1	3½	15	53	103	153	203
Nov	7½	13½	24½	43	66½	108	162	202
Dec	19½	27½	39½	58	83	115	155	202
Jan	30½	41½	55	73½	97½	128	163	205
Jun †	-	79½	-	118	-	168	-	233

October 11 Total Contracts 29,035
Calls 13,218 Puts 15,817
FT-SE Index Calls 3,053 Puts 8,584
Euro FT-SE Calls 1,061 Puts 240
*Underlying security price. † Long dated expiry months.
Equity premiums are based on closing offer prices.
Index options are settlement prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

	British Government	Mon Oct 11	Day's change %	Fri Oct 8	Accrued interest	xd adj. 1993 to date
1	Up to 5 years (25)	128.26	+0.03	129.10	1.43	9.46
2	5-15 years (22)	158.66	-0.08	158.78	2.29	10.12
3	Over 15 years (9)	177.39	-0.12	177.81	1.64	9.70
4	Irredeemables (6)	209.39	+0.05	209.30	3.67	6.83
5	All stocks (62)	151.86	-0.05	152.26	1.90	9.93
	Index-Linked					
6	Up to 5 years (2)	187.75	-0.02	187.79	0.14	4.28
7	Over 5 years (11)	186.62	-0.01	186.04	0.94	3.89
8	All stocks (13)	185.29	-0.01	185.31	0.85	3.92
9	Debs & Loans (66)	144.31	-0.02	144.42	2.11	8.90

AVERAGE GROSS REDEMPTION YIELDS

	British Government		Mon Oct 11	Fri Oct 8	Year ago (approx.)
1	Low	5 years	6.20	6.21	7.87
2	Coupons	15 years	7.00	6.98	8.76
3	(0%-7¾%)	20 years	7.12	7.11	8.99
4	Medium	5 years	6.46	6.45	8.45
5	Coupons	15 years	7.14	7.12	9.29
6	(8%-10¾%)	20 years	7.19	7.18	9.36
7	High	5 years	6.64	6.65	8.74
8	Coupons	15 years	7.36	7.34	9.52
9	(11%-)	20 years	7.37	7.36	9.58
10	Irredeemables(Flat Yield)		7.27	7.27	9.38
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.53	2.52	3.57
12	Inflation rate 5%	Over 5 yrs.	3.14	3.14	4.11
13	Inflation rate 10%	Up to 5 yrs.	1.76	1.74	2.72
14	Inflation rate 10%	Over 5 yrs.	2.97	2.97	3.91
15	Debs &	5 years	7.58	7.74	9.92
16	Loans	15 years	8.07	8.05	10.54
17		25 years	8.20	8.19	10.60

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Tiphook chief accepts merits of role change

By Andrew Bolger

MR ROBERT Montague, founder and executive chairman of Tiphook, the container leasing and transport rental group, has accepted the merits of splitting his role.

The company said the board was also likely to sanction the appointment soon of a further two independent non-executive directors.

Whether Mr Montague will continue with the group is up to the group's bankers and shareholders. Last week Tiphook's shares fell by 49 per cent after the lossmaking group issued its third profits warning this year and said it would breach lending covenants.

Shareholders will vote at an extraordinary meeting on October 25 on a proposal to allow the group's gearing limit to be increased from 500 to 600 per cent. Tiphook currently has debts of £1bn and gearing approaching 500 per cent.

Tiphook shares rose by 15p to 138p yesterday after it published its first monthly fleet utilisation figures.

Average utilisation for September for its operating container fleet was 82.25 per cent, up from 81.99 per cent in August but down from 85.94 per cent in the same month last year.

The statement showed that at September 30 the operating container fleet totalled 497,020 TEUs (20-foot equivalent units), down 566 from the previous month.

Tiphook's European truck trailer fleet stood at 24,825, an increase of 334 over August. Average utilisation for the month was 73.22 per cent, up from 69.36 per cent in August, 1993.

Analysts said the figures were in line with expectations, but were welcome because they contained no unpleasant surprises. The figures gave no indication of the rental rates being achieved in a period when the market is known to be soft.


Robert Montague: founder and executive chairman

UB ends unhappy chapter in Spain

By Guy de Jonquières, Consumer Industries Editor

UNITED BISCUITS, Britain's largest biscuits and snacks manufacturer, yesterday closed a long and unhappy chapter in its European expansion strategy by selling Ortiz, its Spanish toasted bread business, to the company's management.

Acquired by UB in 1973 in an early fit of Euro-enthusiasm, Ortiz ran into problems soon after being taken over. Despite efforts to turn the business round, some analysts estimate that it incurred more losses than profits since then. Last year it lost £1.3m on sales of £30m.

By the early 1990s, UB's management openly admitted that it had given up any hope of engineering a recovery, answering all inquiries about the business's performance with the standard phrase: "Ortiz continues to disappoint."

UB had hoped to dismantle Ortiz by buying the biscuits operations of Royal Brands, a Spanish state-owned company, and merging the two businesses.

However, the plan was thwarted when Royal Brands was sold to RJR Nabisco earlier this year.

Concluding that Spanish social legislation would make the cost of closing Ortiz prohibitive, UB unsuccessfully sought a buyer for the business before deciding to sell it to management for "a nominal sum."

UB said the deal would result in an exceptional loss of about £11.5m in this year's accounts, but would enhance group earnings.

Back in the bright lights for Lucas

Andrew Bolger describes the strategy behind doubled profits of £50m

LUCAS Industries executives reported their results from a specially designed platform, complete with bright lights and pictures of the components which the engineering group supplies to the world's automotive and aerospace industries.

The glossy presentation matched a new confidence on part of the Birmingham-based company, which said cutting costs had helped it to double annual pre-tax profits to £50.3m.

Lucas's share price has also doubled since the dark days of last autumn, when a recession-induced collapse in profits made it the City's favourite target for a hostile takeover.

However, £50.3m is still a miserable rate of return on sales of £2.56bn, and Lucas once again had to raid its reserves to maintain the dividend payment. The same executives were yesterday also anxious not to appear over-optimistic, given the tough state of the continental European markets which account for 38 per cent of sales.

Sir Anthony Gill, Lucas's chairman and chief executive, clearly had not envisaged a 16 per cent drop in the European automotive market when he said last year that he aimed to cover this year's dividend payment from earnings. Yesterday, he said he now hoped to get back to that happy state in the current year – but it was again phrased as a "chairman's aim", rather than a firm commitment.

Mr John Grant, finance director, said: "We are bumping along the bottom of the cycle and probably will continue to bump along for a little while longer."

Overall sales rose by 2 per cent, net of currency movements and divestments, in spite of sharp declines in world aerospace and European automotive markets. Lucas said this reflected its strong positions in the more resilient sectors of both industries. It claimed increased market share in each of its core businesses – aerospace engine control and flight control systems, and automotive braking and diesel systems.

Automotive, which accounted for 63 per cent of group sales, improved operating profits from £42.2m to £45.1m, with improvements in costs more than compensating for the group's limited ability to pass on price rises to customers. Launch costs in the diesel and electrical systems businesses dampened the pace of profit recovery.

Aerospace sales, which comprise 25 per cent of the group total, were down 7 per cent at constant exchange rates. Cost-cutting helped operating profits double to £31m. Lucas said it had been less affected than the industry generally by softer defence markets and production cuts by leading airframe makers – mainly because of its strong presence on newer aircraft and engine families.

Mr Grant said the restructuring programme unveiled last year was about "80 per cent complete", although many of the improvements in efficiency would continue indefinitely. Employee numbers have been reduced by 20 per cent since July 1990, and will continue to fall at an annual rate of 2-3 per cent.

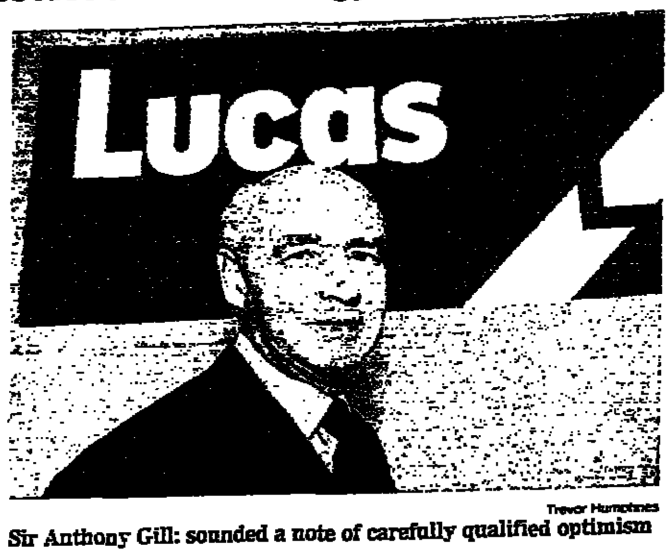
The divestment programme realised £56m in the year to July, and £75m to date. The group said further disposals would be made of businesses which did not contribute significantly to its core strengths.

Mr Grant, who joined Lucas last year from Ford, said capital spending had been cut by £7m to £116m and improved financial discipline had cut working capital by £22m.

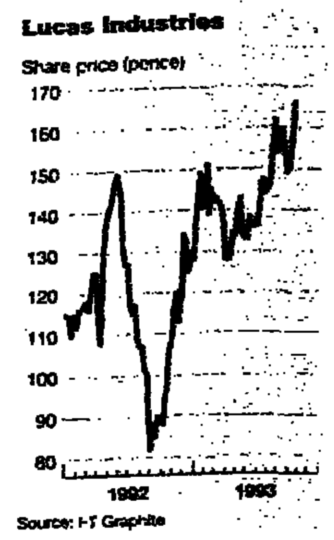
Sir Anthony said that when the group's main markets recovered, it should be able to get back towards profit margins similar to those achieved before the recession – a return on sales of up to 10 per cent. Lucas was aiming for such a recovery in margins within three years – which was ambitious, but achievable.

Whatever Lucas's long-term future, it will involve both a new chairman and chief executive. As expected, the company would not comment on the post of chief executive, except to say it still hoped to make a formal announcement at or before the group's annual meeting in November.

Sir Anthony, who last year agreed to stay on until the management succession was sorted out, ended his review of the trading outlook on a note of carefully qualified optimism. "Further reductions in costs and working capital will provide a platform for the company to continue to enhance value for shareholders, despite uncertainties over the pace of economic recovery. Lucas is strong, getting stronger and will be in a powerful position to benefit from a revival in the global economy when it comes."



Trevor Humphries
Sir Anthony Gill: sounded a note of carefully qualified optimism



Source: FT Graphite

Drambuie abandons strategy

By James Buxton, Scottish Correspondent

DRAMBUIE, the liqueur company, yesterday terminated a widely-publicised strategy of diversification from its core business by selling Caithness Glass, an ornamental Scottish glassmaker.

Caithness has been bought by its management and employees, with backing from Bank of Scotland and from Highlands and Islands Enterprise. Negotiations on the sale began in February. The price was not disclosed.

Drambuie, a secretive company controlled by the McKinnon family, bought Caithness for £3.38m in 1991 and said that it would be seeking further acquisitions outside the drinks business.

However, Drambuie lost £5.6m in 1991 on sales of £38.8m and in 1992 Mr Peter Shakeshaft, the finance and development director who was responsible for buying Caithness left the company.

Caithness itself was badly hit by recession and last year closed one of its three factories with the loss of 120 jobs. It now employs 240 people.

Last year Mr David Evans became Drambuie's first non-family chairman, replacing Mrs Mary McKinnon. Shortly afterwards Mr Peter Darbyshire, a drinks industry executive, became managing director replacing Mr Malcolm McKinnon and Mr Duncan McKinnon, joint managing directors.

Although Drambuie lost £6.7m in 1992 it expects to make a profit of £2m in 1993. The workforce has been cut from 175 to 125. It has closed its distribution subsidiary, appointing IDV to handle its UK distribution.

In March, Drambuie sold off Cockburn's of Leith, its wine merchant business. The only company it owns outside the liqueur business is Glenvarigill, a Scottish motor dealer.

Tay Homes upbeat despite fall to £3m

By Catherine Milton

TAY HOMES, the Leeds-based housebuilder, underscored its upbeat trading statement by announcing plans for another two operating areas despite reporting a fall in pre-tax profits from £4.85m to £3.09m for the year to June 30.

"It is now accepted by almost all commentators that the housebuilding industry is slowly emerging from its worst period in recent history," said Mr Trevor Spencer, chairman.

He added that the company expected "considerable improvements" in the north of England and Scotland.

The group had decided to open new operating areas in north-west Birmingham and north Bristol.

A maintained final dividend of 4.65p is proposed, giving a same-again total of 5.85p, payable from earnings of 9.5p (13.6p) per share.

Profits were depressed by the adoption of more conservative accounting policies recommended by the company's auditors. They relate to the sale of properties to business expansion schemes, to which the company has given guarantees on future returns, and to the sale and leaseback of an office building. Without the policy changes pre-tax profits would have been £3.9m (£6.1m).

Turnover fell to £69.7m (£72.4m), although the company increased unit sales to 1,107 (1,030). "We sold a record number of houses last year which was greatly helped by the surge in demand during the early months of 1993.

"This followed the worst autumn sales period in the company's history, an experience shared with many housebuilders, which impacted on both selling prices and margins," Mr Spencer said.

The company now has a bank of 4,200 plots (4,000) excluding 750 plots on two sites in Scotland.

Interest charges fell to £2.17m (£3.11m). Gearing was cut to 36 per cent (48 per cent) on borrowings of £10.9m (£13.5m) although these had been higher during the year.

Cooper Clarke improves

COOPER CLARKE Group, the builders' merchant, yesterday reported some improvement in interim pre-tax profits but warned that recovery in the construction sector was likely to be some time away.

Mr Peter Clarke, chairman, said that while turnover had increased, there had been continued pressure on margins and as a result profitability continued to suffer.

In the first half of 1993, pre-tax profits rose from £125,000 to £204,000, on turnover of £15m (£11.3m). Earnings per share came to 3.6p (2.2p).

Mr Clarke said that at present there was no likelihood of any improvement in the construction sector and a number of the company's customers faced the prospect of falling order books. "There is little doubt that while 1993 may see some improvement in the UK economy, any follow on to the construction sector is likely to be some time off."

Marlowe to acquire Bennett & Fountain

By Catherine Milton

MARLOWE HOLDINGS, the electrical distributor, is to buy Bennett & Fountain in a recommended cash offer valuing its troubled rival at £2.1m.

Marlowe is offering 2p in cash for each B&F share. It is also negotiating to buy B&F's £18m of bank debts at a discount and virtually all the group's preference shares.

B&F's thinly traded shares briefly touched a low of 1¾p last year. They stood at 4p last Friday before the offer was made but fell to 2¼p on the announcement, moving up ¼p yesterday.

Marlowe has received irrevocable acceptances from Voltex Holdings, B&F's South African parent, which holds about 60 per cent of the equity.

B&F, which has yet to publish preliminary results for its year to June 30, was last year in dispute with its former chairman.

The company's financial advisers, Samuel Montagu, also resigned about a year ago. Kleinwort Benson is now advising the company.

B&F incurred pre-tax losses of £3.6m (£2.3m profit) on sales of £61.4m (£74.1m) in the year to end-June 1992.

The company's net assets were then £11.9m (£16.5m).

The losses came against "difficult trading conditions and a very high level of bank indebtedness, repayable on demand".

The company said: "In the absence of alternative proposals to provide additional funds to B&F, the outlook for B&F is very uncertain."

Azlan plans stock listing listing this year

Azlan Group, a distributor to the network computer market, is planning to seek a listing before the end of the year.

Azlan, which also provides complementary technical services including support and training, employs 180 people and conducts its activities primarily from premises in Wokingham and York. It this year commenced operations in Germany and Denmark.

The company, founded in 1984, was acquired by Logitek in 1989. Two years later, Mr David Randall, who had been managing director since 1986, led a £6.5m management buy-out, supported by a group of institutional investors led by CINVen.

Sales have grown by a compound 47 per cent a year over the last five years and in the year to March 31 1993 reached £41m, with pre-tax profits of £3m.

Ladbroke dismisses debt allegations

By Michael Skapinker, Leisure Industries Correspondent

LADBROKE GROUP yesterday dismissed as "misleading and misconceived" a weekend press article querying how much of its £1.34bn debt was secured against assets.

The article in the Mail on Sunday alleged that £90m of Ladbroke's debt had been secured on specific assets.

The newspaper said ABN Amro, the Dutch bank, had taken a charge on a Ladbroke guilder deposit worth about £90m.

The company said last week that only £21m of its debt was secured.

An injunction by Ladbroke against the Mail on Sunday was lifted last week after the newspaper agreed not to make allegations about Ladbroke's debt without providing written notice.

The company said yesterday: "The charge in favour of ABN Amro Bank is a short term banking arrangement on a back-to-back basis. It was entered into as part of the company's international tax planning arrangements, whereby a temporary loan was granted in Dutch guilders at one branch of the bank and matched on a back-to-back basis by a company deposit in guilders at another branch, the latter being available for off-set. Aside from this one arrangement, the company's position in relation to unsecured debt has not changed."

Ladbroke said yesterday the arrangement was a common one, providing benefits to both the bank and the company. The bank had a deposit to match the loan it had made. The company could earn interest on the deposit which could be set against losses for taxation purposes – reducing the tax paid on interest earned.

The group also denied that Mr Cyril Stein's recent announcement that he would retire as chairman, followed pressure from institutional investors.

Unilabs acquires JS Pathology

Unilabs Group, an independent European pathology laboratory company, is acquiring JS Pathology, which claims to be the UK's largest private clinical testing laboratory.

Following the acquisition, Unilabs will have an annualised turnover in excess of £50m.

JS was a quoted UK company which was floated in November 1985 with a market capitalisation of £19m. It was acquired by a subsidiary of Corning in September 1992 for £23.1m.

Growing enthusiasm for electronic imagery

Alan Cane looks at Virtuality's debut and the market for virtual reality technology

INVESTORS have already had the chance of a punt on "virtual reality", the esoteric technology which dresses users in visors and wired gloves to persuade them they are part of an alternative electronic world.

Division, based in Bristol, came to the market at 40p earlier in the year, the first VR company to go public anywhere in the world. The shares shot up to 100p and have since been trading comfortably at about 80p. It raised £5m, enough to support its research and development for three years.

Today, W Industries, under its new name of Virtuality, makes its market debut by way of a placing, hoping to raise some £10m.

International Business Machines, the world's largest computer manufacturer, and Motorola, a leading semiconductor manufacturer and communications specialist, have already taken stakes valued at about £1m apiece. Institutions are showing enthusiasm for Virtuality's convincing electronic imagery suggesting the placing will be a success.

The question remains whether investors understand the significance of what they are putting their money into or whether they are simply backing a fashionable but incomprehensible technology.

Mr Charles Grimsdale, chief executive of Division, says his company's products excite "tremendous interest but limited understanding". He believes the market will be worth £1bn by the end of the decade, split between a comparatively small number of companies.

At one level, VR represents immense possibilities for entertainment – "real" experiences impossible to reproduce safely or economically by other means. At another it is the next stage in the development of the way humans interact with computers; the move from the two dimensional desktop represented by, say, Apple's Macintosh or Microsoft's Windows, to a three dimensional workspace. Users become immersed in this workspace; they can interact with objects in the electronic environment. In one striking example, developed by Division for Matsushita of Japan, two individuals can simultaneously wander through a virtual kitchen. They can work together to move the cooker, the refrigerator or the extractor hood.

Although virtual reality is a new technology, it already can be divided into a number of different market sectors.

First, there is entertainment – the area which Virtuality has chosen to make its own. Founded by Mr Jonathan Waldern in 1988, the company had a turnover of £5.24m at the end of 1992. Among its achievements is a contract with Sega Enterprises of Japan, the world leader in sophisticated arcade games.

Mr Waldern sees Virtuality developing in three directions. First, complete systems, software and hardware integrated together to create arcade games. Second, specialised VR software written to customer's specifications. Third, packaging and licensing the company's skills to third parties.

Division, for example, is already licensing its technology to Virtual Reality Games of Leeds, a subsidiary of Global Entertainments, to develop second generation arcade games.

Virtuality will use some of the money it is raising to complete its work on "second generation" VR products for the latest range of low-cost personal computers. It raises the possibility of VR machines for the home in the near future.

Second, computer aided design and manufacturing. The Calibre Institute, attached to the University of Eindhoven, developed a system for Espeq, a group of 300 companies in the building trade. It created electronic images of three houses complete with interiors which house purchasers could walk through, inspecting the various rooms. According to Espeq, during the two days the VR system was in use, more houses were sold than in any previous two-day period.


Researchers wearing video headsets fight a duel in an electronic version of reality

Division has just developed a £4,000 tool called dVISE which enables designers who have created conventional two dimensional designs to turn them into three dimensional virtual models, giving them the opportunity to view their work as if it had been manufactured. Mr Grimsdale believes that this kind of software can be used to ease customers into VR.

Third, simulation and training. Mr Grimsdale says: "This has exciting cost implications. Suddenly we can create effective simulations in which the user gets a full 360 degree view for perhaps one tenth of the current cost". Conventional aircraft simulators cost several million pounds and utilise five large mirrors and a similar number of computers. This can be replaced by two computers and a headset with display screens in front of the eyes. Whole battlefield training systems may be only eight years away.

Finally, scientific simulation. Glaxo, for example, uses VR for molecular modelling, while Matsushita is using a system for air flow simulations. Shell is experimenting with seismic models.

Entertainment is some 30 per cent of the market today but that is likely to fall as companies make greater use of VR in computer-aided design and simulation.

The overall market is currently growing at 80 per cent to 100 per cent a year from, admittedly, a very small base. The technology continues to be a primary driver, however: "What really excites me is the staggering rate at which graphics technology is evolving", Mr Grimsdale says.

Aminex plans Russian oil production venture

AMINEX, the oil exploration group which is partly owned by Russian shareholders, is in advanced talks on setting up a joint venture in the former Soviet Union with an oil production company.

The group, which also announced more than doubled pre-tax losses of I£124,860 (£119,000), against I£60,415, for the six months to the end of June, said it expected the deal to be completed by the end of the year.

Mr Brian Hall, chairman, said Aminex intended to offset any political risk by eventually rebuilding the group's US production. The company sold its operating leases in Texas to help reduce debt and overheads. The disposals were partly behind the decline in gross revenues from £198,607 to £84,904 in the first half.

The pre-tax losses were exacerbated by the £73,868 exceptional cost of a failed bid for fellow Irish oil group, Tuskar Resources, earlier this year. Losses per share were steady at 0.01p. The shares closed 1½p down at 54½p.

Hillsdown sells two Scottish abattoirs

Hillsdown Holdings, the food group, has announced the sale of a further two Scottish abattoirs in line with its planned withdrawal from the red meat slaughtering industry.

The abattoirs, at Inverurie and Edinburgh are being sold to the ANM Group, an Aberdeen based abattoir and agricultural auction operation. The business being sold currently employs 244 people.

Green Property in shopping centre deal

Green Property, the Dublin-based property investment company, has issued 795,937 shares, or 5 per cent of its equity, to PDFM as general partner for PDFM Property Partnership at a price of 130p per share.

In addition, Green Property (UK) and PDFM Property Partnership have jointly acquired the Broadway Shopping Centre in Devon for some £10m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Computer People ......int	nil	-	0.65	-	0.65
Essex Furniture§......fin	2	-	1.5	3.5	2.75
Highland Dist ......fin	5	Jan 13	4.55	8.6	6
Lucas Inds ......fin	4.9†	Nov 29	4.9	7	7
Ryan Hotels ......int	0.5‡	Nov 22	0.5	-	1
Tay Homes ......fin	4.65	Nov 29	4.65	5.85	5.85

Dividends shown pence per share net except where otherwise stated. §USM stock. †Enhanced scrip dividend available. ‡Irish currency.

COMPANY NEWS: UK

TI raises £40m from sale of Dowty units

By Richard Gourlay

TI GROUP, the specialist engineering company, has sold for £40m businesses taken over last year following its acquisition of Dowty.

The businesses formed part of the electronic systems division of Dowty and supply equipment to the defence and aerospace markets.

The purchaser is Ultra Electronics, a management buy-in led by Mr Julian Blogh, a former managing director of Dowty Avionics.

TI said the net asset value of the companies being sold was £24.3m. Under FRS 3 TI will be taking neither a profit nor a loss through the P&L.

What would have been a profit on the sale under old accounting rules is offset by the writing back of goodwill already written off directly to the balance sheet.

Montagu Private Equity and Phildrew Ventures are supplying equity for the buy-out while debt is being provided by a syndicate of banks led by Bank of Scotland.

The businesses being sold have operating profits of £6m on sales of £60m, according to Phildrew Ventures.

Sir Christopher Lewington, TI chairman and chief executive, said the businesses had raised to £60m the proceeds from sales this year. TI was on target to achieve its disposal objectives by the end of 1994.

The proceeds a have been used to reduce group debt. Net gearing will fall from 85 per cent ahead of the deal to 64 per cent.

Mr Blogh said the businesses had been less affected by the cut backs in the defence and aviation sectors because the projects had long life cycles.

Mr Tim Hart of Phildrew said that while defence was out of vogue, Ultra would have attractive market shares in a number of good niches.

David Bruce (left) and Tim Thwaites down a pint to celebrate their alliance with Belcher Pubs Trevor Humphries

Bouncy Bruce belches forth in Grosvenor expansion

By Peggy Hollinger

MR DAVID BRUCE, the brewer with a mischievous sense of humour who founded the unusually named Firkin pubs chain, is aiming to repeat his original success for the recently floated Grosvenor Inns as head of its new subsidiary, Belcher Pubs.

Grosvenor announced yesterday that Mr Bruce, would join the board as an executive director under a three year consultancy agreement.

Mr Bruce will be responsible for setting up a pub franchise operation to complement Grosvenor's Slug & Lettuce, and High Street and City Taverns businesses.

Mr Tim Thwaites, Grosvenor's chairman, said the group planned to buy freeholds in the south-east which could be franchised.

The shake-up in the brewing industry presented "real opportunities" for acquiring reasonably priced freeholds. Mr Thwaites said. In many cases, prices had halved in the last three years.

Grosvenor announced the acquisition of two pubs to kick off the division.

As part of the deal, Mr Bruce will sell The Water Rat, his freehold pub in Newbury, to Grosvenor for shares worth £500,000 at 123p. Mr Bruce will be Grosvenor's third largest shareholder, with a 5 per cent stake. Grosvenor has also purchased the Pavilion freehold at Waterloo, south London, for £300,000 cash.

Lloyd's corporate trust scaled down

By Richard Lapper

REA BROTHERS, the small merchant bank, and UBS, a subsidiary of Union Bank of Switzerland, yesterday published an investment memorandum for Finsbury Underwriting Investment Trust, one of the first corporate members to be formed at the Lloyd's insurance market.

The trust aims to raise £30m, before expenses, by way of a placing and intermediaries offer. Rea Brothers and UBS originally aimed to raise £35m when they announced their plans in August, but have subsequently scaled down the size of their offer to "ensure a high degree of selectivity in placing FUIT's capacity," according to a statement released yesterday.

The group's underwriting will be managed by Wren Underwriting Agencies. FUIT's investment portfolio, comprising predominantly UK equities and interest bearing securities, will be managed by Finsbury Asset Management.

The fund is one of a number planned by merchant banks, securities houses and Lloyd's agencies.

Overall, Lloyd's hopes it could attract as much as £1bn in fresh capital from its first ever corporate investors. The market's council announced rules for new corporate investors last month.

Final approval, however, is dependent on a vote by the market's Names, the individuals whose assets support the market, at an extraordinary meeting on October 20.

Arjo predicts SKr141m loss

By David Blackwell

ARJO, the international healthcare group based in Sweden which is coming to the market early next month, has forecast pre-tax losses of SKr140.9m (£11.5m) for the year to September 30 1993 in its pathfinder prospectus.

The group is seeking a listing on both the London and Stockholm Stock Exchanges.

The loss was struck after interest and dividend costs of SKr127.1m and foreign exchange losses of SKr189m. At the operating level profits are estimated at SKr175.2m on turnover of SKr1.1bn, compared with operating profits of SKr120.6m on turnover of SKr809.1m in the previous year, when pre-tax profit were SKr15.3m.

The group estimated pre-tax profits this time would have been SKr166.9m without the interest and foreign exchange costs related to its net borrowings of SKr1.43bn.

The offering is intended to clear the debt, incurred in the 1990 management buy-out from Malmros International, by raising between SKr1.5bn and SKr1.7bn.

The price is expected to be in the range of SKr105 and SKr115 per share, implying an initial market capitalisation of SKr2.2bn to SKr2.4bn.

Mr Hans Lindstrom, chief executive, said the offering would leave the group with a strong balance sheet and cash-flow, enabling it to expand and invest in new products. The group claims to be a leader in lifting systems for elderly and disabled patients.

NEWS DIGEST

Frank Gates rises to £1.15m

FRANK G Gates, the Ford distributor, reported profits of £1.15m before tax for the six months to June 30, but hit out at the motor manufacturer for adversely affecting margins on sales of new cars.

The outcome, a sharp improvement on the depressed comparable figure of £216,000, came on turnover ahead 24 per cent to £34.6m (£25.8m). The east London-based group achieved pre-tax profits of £886,000 for the full 1992 year.

Earnings per share were 3.6p, against 0.68p at the same stage of last year and 3.65p for the full year.

Profits on new cars were more than doubled, but Mr Edward Gates, chairman, sounded a cautious note stating: "With hindsight, the way in which the reduction in new car discount was introduced by Ford has had a disastrous effect on new car margins, the extent of which may not be evident to some for a few more months."

In spite of increased volumes, new car departmental profits by the end of August had fallen to a level similar to August 1992.

"In my opinion the present difference in profits between new and used cars is exceptionally distorted," Mr Gates said.

Provision pushes up loss at CountyGlen

CountyGlen, the Dublin-based property company, saw losses before tax increase from I£264,000 to I£489,000 (£466,000) over the 12 months to April 30.

The outcome was struck after a provision against debtors of I£235,000. Directors said the company was "vigorously pursuing the recovery of the full amounts due".

Losses per share amounted to 13.5p (6.1p).

Ryan Hotels rises to I£526,000

A sharp improvement in trading margins enabled Dublin-based Ryan Hotels to lift pre-tax profits from I£51,000 to I£526,000, or £501,000, for the six months to July 29.

At the trading level margins rose from 11 per cent to 17 per cent, generating pre-interest profits of I£1.99m (I£1.27m). Interest charges accounted for I£1.47m (I£1.22m). However, these were expected to be significantly lower in the second half than for the same period of the previous year.

Turnover of I£11.5m compared with last time's I£11m.

Earnings worked through at 0.55p (losses 0.14p) and the interim dividend is a same-again 0.5p.

Net asset value up at Scottish Asian

The Scottish Asian Investment Company saw net asset value rise 65.7 per cent in the year to July 31, from 137p to 227p, adjusted for the 4-for-1 scrip issue made earlier in the year.

The attributable loss rose from £42,000 to £92,000. Losses per share came out at 0.53p (0.24p).

Premier Health losses widen

Premier Health Group – the nursing management company formerly known as Acsis – had a difficult first half, turning in a pre-tax loss of £1.2m for the six months to June 30, against a £285,000 deficit for the comparable period last year.

There were same-again losses per share of 0.4p and, as last time, no dividend will be paid. Turnover on continuing activities was £6.27m (£6.53m).

Before the refinancing and restructuring completed in September, the company had borrowings of £12.6m and was in breach of its covenants and repayment agreements. The group now has overdrafts of £275,000, cash of £372,000 and long term borrowings of £3.2m.

The pre-tax figure was struck after refinancing costs of £523,000 and an exchange loss on long-term borrowings of £149,000 (gain of £172,000). Interest charges were reduced to £179,000 (£541,000). There was a profit of £239,000 arising from the closure of a discontinued business.

The group has now shed its interior contracting, design and media side and has NMS, a US nursing company, as its main trading arm.

This has signed 22 new contracts for the provision of nurses in the 12 months to July 1993 against four in the same period last year, but there will be limited benefit in 1993.

Scholl takes control of Japanese venture

Scholl, the international health care group, is taking control of Scholl Japan, a joint venture company formed in 1988, with the purchase of further shares from Chuo Bussan for Y838m (£5.5m).

Scholl's equity holding goes up from 25 per cent to 51 per cent.

Turnround for Computer People

Computer People, the information technology consultancy, swung from losses of £135,000 to profits of £364,000 pre-tax for the half year ended June 30.

The turnround was achieved on the back of 12 per cent rise in turnover to £33.5m.

Earnings per share emerged at 1.45p (losses 0.73p). A decision regarding the level of distribution will be made when the full year results are known. Last year an interim of 0.65p was paid but the final was omitted with full year profits down from £1m to £145,000.

Directors said there was an increased profit contribution from UK consulting with significantly more consultants on assignment.

The shares rose 5p to 110p.

Essex Furniture up 50% to top £1m

Essex Furniture, the USM-traded furniture manufacturer and retailer, yesterday reported growth of 50 per cent in sales and profits before tax for the 12 months to June 30.

The pre-tax line rose from £727,000 to a record £1.09m, achieved on turnover on continuing operations ahead to £10.75m (£7.16m).

Mr Michael Franks, chairman, said the growth was achieved "against a background of spasmodic upturns in the UK economy which is now hopefully leading to an end of the recession."

A proposed final dividend of 2p brings the total for the year to 3.5p (2.75p), payable from earnings of 6.23p (5.03p) per share.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, October 11, 1993 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2289.22	1495.24	932.473	1406.59
Albania	(Lek)	169.180	110.503	68.9124	103.951
Algeria	(Dinar)	29.8967	19.5288	12.1786	18.3709
Andorra	(Fr Fr)	8.6275	5.6352	3.5142	5.301
	(Sp Peseta)	199.95	130.601	81.446	122.857
Angola	(New Kwanza)	6052.46	3953.27	2465.36	3718.87
Antigua	(E Carr $)	4.1526	2.7123	1.6914	2.5515
Argentina	(Peso)	1.5295	0.999	0.623	0.9397
Aruba	(Florin)	2.7530	1.7981	1.1213	1.6915
Australia	(Aus $)	2.3170	1.5133	0.9437	1.4236
Austria	(Schilling)	17.285	11.29	7.0407	10.6305
Azores	(Port Escudo)	254.25	166.068	103.564	156.221
Bahamas	(Bahama $)	1.5310	1	0.6236	0.9407
Bahrain	(Dinar)	0.5797	0.3786	0.2361	0.3561
Balearic Is	(Sp Peseta)	199.95	130.601	81.446	122.857
Bangladesh	(Taka)	61.3580	40.077	24.993	37.7007
Barbados	(Barb $)	3.0935	2.0205	1.26	1.9007
Belgium	(Belg Fr)	53.45	34.9118	21.7718	32.8417
Belize	(B $)	3.0760	2.0091	1.2529	1.89
Benin	(CFA Fr)	431.37	281.757	175.711	265.051
Bermuda	(Bermudian $)	1.5310	1	0.6236	0.9407
Bhutan	(Ngultrum)	48.2451	31.5121	19.6517	29.6436
Bolivia	(Boliviano)	6.6980	4.3749	2.7283	4.1155
Botswana	(Pula)	3.9035	2.5496	1.59	2.3984
Brazil	(Cruzeiro Real)	218.25	142.554	88.9002	134.101
Brunei	(Brunei $)	2.3995	1.5672	0.9773	1.4743
Bulgaria	(Lev)	39.60	25.8654	16.1303	24.3317
Burkina Faso	(CFA Fr)	431.37	281.757	175.711	265.051
Burma	(Kyat)	9.4750	6.1887	3.8594	5.8218
Burundi	(Burundi Fr)	368.40	240.627	150.061	226.359
Cambodia	(Riel)	5383.00	3516	2192.67	3307.53
Cameroon	(CFA Fr)	431.37	281.757	175.711	265.051
Canada	(Canadian $)	2.0370	1.3305	0.8297	1.2516
Canary Is	(Sp Peseta)	199.95	130.601	81.446	122.857
Cp. Verde	(CV Escudo)	114.1195	74.5392	46.4845	70.1195
Cayman Is	(CI $)	1.3073	0.8538	0.5325	0.8032
Cent.Afr. Rep	(CFA Fr)	431.37	281.757	175.711	265.051
Chad	(CFA Fr)	431.37	281.757	175.711	265.051
Chile	(Chilean Peso)	633.1715	413.567	257.911	389.045
China	(Renminbi Yuan)	8.7627	5.7235	3.5693	5.3841
Colombia	(Col Peso)	1249.69	816.257	509.039	767.859
CIS ♆	(Rouble)	0.8600o	0.5617	0.3503	0.5284
		1779.44m	1162.27	724.823	1093.36
Comoros	(CFA Fr)	431.37	281.757	175.711	265.051
Congo (Brazz)	(CFA Fr)	431.37	281.757	175.711	265.051
Costa Rica	(Colon)	225.0084	146.969	91.6535	138.255
Côte d'Ivoire	(CFA Fr)	431.37	281.757	175.711	265.051
Croatia	(Dinar)	10998.68	7184.39	4487.89	6739.59
Cuba	(Cuban Peso)	1.1649	0.7608	0.4745	0.7157
Cyprus	(Cyprus £)	0.7597	0.4962	0.3094	0.4667
Czech Rep.	(Koruna)	43.854	28.644	17.8631	26.9456
Denmark	(Danish Krone)	9.9475	6.4973	4.0519	6.1121
Djibouti Rep	(Djib Fr)	265.00	173.089	107.943	162.828
Dominica	(E Carib $)	4.1526	2.7123	1.6914	2.5515
Dominican Rep	(D Peso)	19.9940	13.0594	8.1441	12.285
Ecuador	(Sucre)	2803.770	1831.33	1142.07	1722.75
		2992.95a	1954.9	1219.12	1838.99
Egypt	(Egyptian £)	5.1450	3.3605	2.0957	3.1612
El Salvador	(Colon)	13.3980	8.7488	5.4566	8.231
Equat'l Guinea	(CFA Fr)	431.37	281.757	175.711	265.051
Estonia	(Kroon)	19.6939	12.8634	8.0219	12.1007
Ethiopia	(Ethiopian Birr)	7.5794	4.9506	3.0873	4.657
Falkland Is	(Falk £)	1.00	0.6531	0.4073	0.6144
Faroe Is	(Danish Kroner)	9.9475	6.4973	4.0519	6.1121
Fiji Is	(Fiji $)	2.3633	1.5436	0.9626	1.4521
Finland	(Markka)	8.7565	5.7194	3.5666	5.3803
France	(Fr)	8.6275	5.6352	3.5142	5.301
Fr. Cty/Africa	(CFA Fr)	431.37	281.757	175.711	265.051
Fr. Guiana	(Local Fr)	8.6275	5.6352	3.5142	5.301
Fr. Pacific Is	(CFP Fr)	156.93	102.502	63.9226	96.4239
Gabon	(CFA Fr)	431.37	281.757	175.711	265.051
Gambia	(Dalasi)	14.4572	9.4429	5.8888	8.883
Germany	(D-Mark)	2.4550	1.6035	1	1.5084
Ghana	(Cedi)	1087.11	710.065	442.815	667.963
Gibraltar	(Gib £)	1.00	0.6531	0.4073	0.6144
Greece	(Drachma)	357.795	233.7	145.741	219.843
Greenland	(Danish Krone)	9.9475	6.4973	4.0519	6.1121
Grenada	(E Carr $)	4.1526	2.7123	1.6914	2.5515
Guadeloupe	(Local Fr)	8.6275	5.6352	3.5142	5.301
Guam	(US $)	1.5310	1	0.6236	0.9407
Guatemala	(Quetzal)	9.0329	5.8999	3.6793	5.5501
Guinea	(Fr)	1249.30	816.003	508.88	767.619
Guinea-Bissau	(Peso)	7690.00	5022.86	3132.38	4725.04
Guyana	(Guyanese $)	193.7880	126.576	78.936	119.071
Haiti	(Gourde)	18.4560	12.0548	7.5177	11.34
Honduras	(Lempira)	10.7045	6.9918	4.3602	6.5772
Hong Kong	(HK $)	11.8365	7.7246	4.8173	7.2666
Hungary	(Forint)	149.5705	97.8946	60.9248	91.9019
Iceland	(Icelandic Krona)	105.74	69.0659	43.0712	64.9708
India	(Indian Rupee)	48.2451	31.5121	19.6517	29.6436
Indonesia	(Rupiah)	3163.00	2065.97	1288.39	1943.47
Iran	(Rial)	2425.10	1584	987.821	1490.08
Iraq	(Iraqi Dinar)	0.4780	0.3122	0.1947	0.2937
Irish Rep	(Punt)	1.0475	0.6841	0.4266	0.6436
Israel	(Shekel)	4.3400	2.8347	1.7678	2.6666
Italy	(Lira)	2431.25	1588.01	990.326	1493.88
Jamaica	(Jamaican $)	41.5260	27.1234	16.9148	25.5152
Japan	(Yen)	162.75	106.303	66.2932	100
Jordan	(Jordanian Dinar)	1.0620	0.6936	0.4325	0.6525
Kenya	(Kenya Shilling)	106.28	69.4185	43.2912	65.3026
Kiribati	(Australian $)	2.3170	1.5133	0.9437	1.4236
Korea North	(Won)	3.3067	2.1598	1.3469	2.0317
Korea South	(Won)	1242.55	811.594	506.13	763.472
Kuwait	(Kuwaiti Dinar)	0.4570	0.2984	0.1861	0.2807
Laos	(New Kip)	1107.36	723.292	451.063	680.406
Latvia	(Lat)	0.92765	0.6058	0.3778	0.5699
Lebanon	(Lebanese £)	2647.57	1729.37	1078.48	1626.83
Lesotho	(Maloti)	5.2805	3.449	2.1509	3.2445
Liberia	(Liberian $)	1.5310	1	0.6236	0.9407
Libya	(Libyan Dinar)	0.4520	0.2952	0.1841	0.2777
Liechtenstein	(Swiss Fr)	2.1550	1.4075	0.8778	1.3241
Lithuania	(Litas)	6.4135	4.189	2.6124	3.9407
Luxembourg	(Lux Fr)	53.45	34.9118	21.7718	32.8417
Macao	(Pataca)	12.2763	8.0184	5.0005	7.543
Madagascar	(MG Fr)	2845.30	1858.46	1158.98	1748.28
Madeira	(Port Escudo)	254.25	166.068	103.564	156.221
Malawi	(Kwacha)	6.6622	4.3515	2.7137	4.0935
Malaysia	(Ringgit)	3.8915	2.5418	1.5851	2.391
Maldive Is	(Rufiya)	18.4178	12.0297	7.502	11.3164
Mali Rep	(CFA Fr)	431.37	281.757	175.711	265.051
Malta	(Maltese Lira)	0.5819	0.38	0.237	0.3575
Martinique	(Local Fr)	8.6275	5.6352	3.5142	5.301
Mauritania	(Ouguiya)	175.0398	114.33	71.2993	107.551
Mauritius	(Maur Rupee)	27.3350	17.8543	11.1344	16.7958
Mexico	(Mexican Peso)	4.7660	3.1129	1.9413	2.9284
Miquelon	(Local Fr)	8.6275	5.6352	3.5142	5.301
Monaco	(French Fr)	8.6275	5.6352	3.5142	5.301
Mongolia	(Tugrik)	615.20	401.829	250.591	378.003
Montserrat	(E Carr $)	4.1526	2.7123	1.6914	2.5515
Morocco	(Dirham)	14.0121	9.1522	5.7075	8.6095
Mozambique	(Metical)	7157.97	4675.36	2915.67	4398.14
Namibia	(S A Rand)	5.2805	3.449	2.1509	3.2445
Nauru Is	(Australian $)	2.3170	1.5133	0.9437	1.4236
Nepal	(Nepalese Rupee)	71.3281	46.5892	29.0542	43.8257
Netherlands	(Guilder)	2.7625	1.8043	1.1252	1.6973
N'nd Antilles	(A/Guilder)	2.7530	1.7981	1.1213	1.6915
New Zealand	(NZ $)	2.7705	1.8096	1.1285	1.7023
Nicaragua	(Gold Cordoba)	9.5671	6.2489	3.8969	5.8784
Niger Rep	(CFA Fr)	431.37	281.757	175.711	265.051
Nigeria	(Naira)	46.14	30.1371	18.7942	28.3502
Norway	(Nor. Krone)	10.7525	7.0231	4.3796	6.6067
Oman	(Rial Omani)	0.5821	0.3867	0.2411	0.3638
Pakistan	(Pak. Rupee)	46.1708	30.1572	18.8068	28.3691
Panama	(Balboa)	1.5310	1	0.6236	0.9407
Papua New Guinea	(Kina)	1.5073	0.9845	0.6139	0.9261
Paraguay	(Guarani)	2748.87	1794.17	1118.89	1687.78
Peru	(New Sol)	3.2798	2.1422	1.3359	2.0152
Philippines	(Peso)	41.775	27.286	17.0162	25.6682
Pitcairn Is	(£ Sterling)	1.00	0.6531	0.4073	0.6144
	(NZ $)	2.7705	1.8096	1.1285	1.7023
Poland	(Zloty)	30392.0	19851.1	12379.6	18674
Portugal	(Escudo)	254.25	166.068	103.564	156.221
Puerto Rico	(US $)	1.5310	1	0.6236	0.9407
Qatar	(Riyal)	5.5977	3.6562	2.2801	3.4394
Reunion Is. de la	(Fr Fr)	8.6275	5.6352	3.5142	5.301
Romania	(Leu)	1480.61	967.087	603.1	909.745
Rwanda	(Fr)	213.80	139.647	87.0875	131.367
St Christopher	(E Carr $)	4.1526	2.7123	1.6914	2.5515
St Helena	(£)	1.00	0.6531	0.4073	0.6144
St Lucia	(E Carr $)	4.1526	2.7123	1.6914	2.5515
St Pierre	(French Fr)	8.6275	5.6352	3.5142	5.301
St Vincent	(E Carr $)	4.1526	2.7123	1.6914	2.5515
San Marino	(Italian Lira)	2431.25	1588.01	990.326	1493.86
Sao Tome	(Dobra)	369.12	241.097	150.354	226.802
Saudi Arabia	(Riyal)	5.7425	3.7508	2.3391	3.5284
Senegal	(CFA Fr)	431.37	281.757	175.711	265.051
Seychelles	(Rupee)	7.7992	5.0941	3.1768	4.7921
Sierra Leone	(Leone)	845.90	552.515	344.562	519.754
Singapore	($)	2.3995	1.5672	0.9773	1.4743
Slovakia	(Koruna)	48.9270	31.9575	19.9295	30.0626
Slovenia	(Tolar)	177.4015	115.873	72.2613	109.002
Solomon Is	($)	4.9374	3.2249	2.0111	3.0337
Somali Rep	(Shilling)	4029.56	2631.99	1641.37	2475.92
South Africa	(Rand)	5.2805c	3.449	2.1509	3.2445
		6.3957q	4.1774	2.6051	3.9297
Spain	(Peseta)	199.95	130.601	81.446	122.857
Spanish Ports in N Africa	(Sp Peseta)	199.95	130.601	81.446	122.857
Sri Lanka	(Rupee)	75.1838	49.1076	30.6247	46.1958
Sudan Rep	(Dinar)	19.9940	13.0594	8.1441	12.285
Surinam	(Guilder)	2.7453	1.7931	1.1182	1.6868
Swaziland	(Lilangeni)	5.2805	3.449	2.1509	3.2445
Sweden	(Krona)	12.1825	7.9572	4.9623	7.4854
Switzerland	(Fr)	2.1550	1.4075	0.8778	1.3241
Syria	(£)	33.0670	21.5983	13.4692	20.3176
Taiwan	($)	41.075	26.8288	16.7311	25.238
Tanzania	(Shilling)	692.10	452.057	281.914	425.253
Thailand	(Baht)	37.775	24.6734	15.3869	23.2104
Togo Rep	(CFA Fr)	431.37	281.757	175.711	265.051
Tonga Is	(Pa Anga)	2.3170	1.5133	0.9437	1.4236
Trinidad/Tobago	($)	8.4896	5.5452	3.4581	5.2164
Tunisia	(Dinar)	1.5380	1.0045	0.6264	0.945
Turkey	(Lira)	18760.49	12253.7	7641.75	11527.2
Turks & Caicos	(US $)	1.5310	1	0.6236	0.9407
Tuvalu	(Australian $)	2.3170	1.5133	0.9437	1.4236
Uganda	(New Shilling)	1813.75	1184.68	738.798	1114.44
Ukraine	(Karbovanets)	28760.60	18785.5	11715.1	17671.6
U A E	(Dirham)	5.6230	3.6727	2.2904	3.4549
United Kingdom	(£)	1.00	0.6531	0.4073	0.6144
United States	(US $)	1.5310	1	0.6236	0.9407
Uruguay	(Peso Uruguayo)	6.4750	4.2292	2.6374	3.9784
Vanuatu	(Vatu)	190.6043	124.497	77.6392	117.115
Vatican	(Lira)	2431.25	1588.01	990.335	1493.86
Venezuela	(Bolivar)	151.92	99.2292	61.8818	93.3456
Vietnam	(Dong)	16379.70	10698.7	6671.98	10064.3
Virgin Is-British	(US $)	1.5310	1	0.6236	0.9407
Virgin Is-US	(US $)	1.5310	1	0.6236	0.9407
Western Samoa	(Tala)	3.9547	2.583	1.6108	2.4299
Yemen (Rep of)	(Rial)	25.3770	16.5754	10.3368	15.5926
Yemen (Rep of)	(Dinar)	0.7089	0.463	0.2887	0.4355
Yugoslavia	(New Dinar)	161.49	105.48	65.78	99.2258
Zaire Rep	(Zaire)	13368000.0	8731548	5445214	8213825
Zambia	(Kwacha)	531.705	347.293	218.58	326.7
Zimbabwe	($)	10.0508	6.5646	4.094	6.1756

Special Drawing Rights October 8, 1993 United Kingdom £0.930977 United States $1.41825 Germany D Mark 2.28998 Japan Yen149.058
European Currency Unit Rates October 11, 1993 United Kingdom £0.774020 United States $1.18789 Germany D Mark 1.90363 Japan Yen126.118

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (l) Business rate: (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate: (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate ; ♆ CIS applies to states in the Rouble Zone. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday October 11, 1993

COMMODITIES AND AGRICULTURE

Rallies in coffee and cocoa prices surprise traders

By Richard Mooney

COFFEE AND cocoa futures prices rallied at the London Commodity Exchange yesterday following their recent "corrections". But dealers were at a loss for an explanation.

The January delivery coffee position, which at one point last week dipped to $1,139 a tonne, closed at $1,207 a tonne, up $29 on the day. But that was still $128 below the 2½-year high reached at the end of August as bullish assessments of the likely impact of the producer's export retention scheme reached their peak.

The scheme, to hold 20 per cent of supplies off the export market until prices rise to a target about 12 per cent above the present level, came into operation on October 1, but by that time confidence in the producers' ability to make the strategy work was already on the wane.

"The real problem is the retention scheme is a paper tiger which is not yet biting. No-one is trying to buy coffee and not being able to get any because of the retention scheme," one trader told the Reuter news agency.

In the absence of news to justify the price rise of the past few days dealers said that it was due to speculative activity that began in the New York market last Friday.

The March cocoa position's £21 rise to £936 a tonne was also seen as a purely technical bounce after last week's £72 setback.

"People are trying to push the market higher in the hope there is lots of buying above current levels," said one dealer. "At the same time there's also quite a bit of selling waiting below the market if near March dips back again towards £900."

In its daily commodity report GNI, the London trade house, said £900 a tonne was "the critical level" for the prompt December price, which closed at £905 tonne. But it was not looking for recent 40-month highs to be re-tested. "While we remain positive long-term," it said, "we doubt that we will see a significant jump from here while the West African crops are coming in."

Gold back above $360 an ounce

By Richard Mooney

THE GOLD price climbed above $360 a troy ounce yesterday for the first time since it plunged on selling by US computer-controlled funds on September 7.

Dollar weakness encouraged early commission house buying as the price was driven to $361.50 an ounce at one point. But with expected upside resistance looming at $362 the rise ran out of steam and the price retreated to $360.25 an ounce, up $3 on balance, at the London bullion market close.

Silver, which led the precious metals rally last week with a 26-cent net rise, put on another 2 cents to close at 434.5 cents an ounce, just below last Thursday's high.

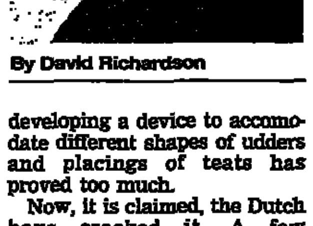
In New York early commission house buying lifted Commodity Exchange (Comex) silver prices to the highest levels in a month and a subsequent back-off was slowed by some emerging investment fund buying, dealers told the Reuter news agency.

The platinum market, which took part only half-heartedly in last week's rally, was again the laggard, with its price closing in London at $363.40 an ounce, up $1.65 on the day.

Dutch usher in the age of the self-milking cow

State of the art machinery could make the herdsman redundant in the dairy parlour

FARMER'S VIEWPOINT



By David Richardson

MY FIRST job as a 16-year old farm student on a neighbouring farm was milking cows. It was not planned that way – the intention was that during the 12 months I was to work on the farm I would be given a variety of arable and livestock jobs to broaden my experience.

But when I took up my post one of the regular herdsmen was having an illicit affair with another herdsman's wife. The day I arrived the cuckold found out and punched his colleague in the mouth, breaking his jaw. Needless to say they refused to work together again and I was drafted into the cow shed to fill the gap.

I bet you thought such excitement only took place in towns. At my tender age and in my innocence I too was a little shocked. It taught me a little about human weakness and a lot about dairy cows.

Believe it or not milking can be a very satisfying job. You get to know the animals by name. Or at least you did then, before herds got so big that they started giving cows numbers. It must be more difficult to establish a relationship with number 123 than with Ada or Mabel. And apart from the inevitable inconvenience of the fact that it had to be done twice every day of the year it was a job I really enjoyed doing.

But if new technology from the Netherlands catches on in this country the herdsmen of tomorrow may be denied the hands-on pleasures of pulling milk out of cows.

The fully automatic milking machine has been the dream of some enthusiasts for years but until recently the difficulty of developing a device to accomodate different shapes of udders and placings of teats has proved too much.

Now, it is claimed, the Dutch have cracked it. A few machines are already operating in Holland and it is expected that the first will be installed in the UK within a matter of months.

In truth the automatic milker is an inevitable and logical development. Any task that is repeated daily and is labour intensive will attract the attention of technologists. Moreover the hand-operated milking machine introduced half a century ago, even before I started doing the job, was the first breakthrough. Overnight one man, who had been hand-milking perhaps 10 cows a session into an open bucket, could deal with 40 or 50 cows and do so more hygienically and thoroughly.

Some years later automatic cluster removers enabled that figure to be more than doubled. The cow man attaches the cluster of four teat cups to each cow by hand, but when the udder is empty and the flow of milk ceases a cord attached to the teat cups gently pulls them off. It saves internal damage to the empty teats from continuous vaccuum pressure when it is not needed to draw milk. It has led to fewer cases of diseases such as mastitis.

Other electronic labour saving devices have also been introduced to dairying over the years. In some herds, for instance, cows wear collars containing tiny transponders. These are programmed by the computer in the dairy to trigger the individually desired delivery of feed to the cow concerned when, of her own free will, she enters an enclosed feeding stall.

When she has eaten her fill the device lets her out and another cow in to repeat the process.

Pedometers with radio transmitters are sometimes fixed to cows' front legs to measure their activity rate. Increased activity, again recorded on the computer in the dairy, indicates she is on heat and ready for artificial insemination. A decreased in her activity could mean that she is ill.

It is also possible, by fitting special thermometers into the milking machine, to measure the heat of the milk drawn from each cow and each teat. A rise in the temperature, once more recorded on a computer, indicates that the cow has a fever, maybe sickening for some disease and probably needs treatment.

Most of these hi-tech developments have been incorporated into the new automatic milking machine. The cow decides, according to the fullness of her udder, when she wishes to be relieved of the burden of her milk. She enters the milking stall and is identified by the transponder round her neck. The computer causes a little feed to fall into the trough in the stall.

Then comes the really clever bit.

The computer delves into its memory bank for the shape of the udder of the cow in the stall. It then instructs the pneumatic cylinders which control the teat cups exactly where to attach them. After a few days' training apparently, the cow does not object.

Once successfully attached, the milking procedure begins with automatic teat washing inside the teat cup. The washings are then discarded and the inside of the cup rinsed clean. After that, milking takes place in the normal way and the cow is released from the stall. If at any point the procedure goes wrong, the whole process is aborted, the cow is released into a holding pen and an alarm is sounded to alert the herdsman that he is needed after all.

As will be deduced from all this, milk production can be a technical and sophisticated business, although in truth very few dairy farmers have all the gadgets I have described. It may perhaps be surprising, therefore, that a similar level of sophistication has seldom shown itself in dairy farmers' approach to marketing.

The fact is, of course, that it has not been necessary for the last 60 years since the advent of the Milk Marketing Boards. The boards have a statutory duty to buy and pay the same price for all milk (according to quality) from all milk producers whether they do it on top of Mount Snowdon or inside the M25.

But that situation is fast drawing to a close as the boards are wound up (April 1, 1994 is the target date) and then Britain will once again have a free market for milk.

The Milk Marketing Board of England and Wales intends to turn itself into a producer-owned co-operative and hopes to secure committments to purchase 80 per cent of its present turnover and broker it to other milk users. Other companies, such as Northern Foods, Nestles, MD Foods and Unigate, on the other hand, hope substantial numbers of milk producers will sell direct to them, by-passing Milk Marque, as the new co-operative will be called.

So, over the next few months, milk producers will be faced with a difficult choice. Do they stick with the people they know and hope they can trust at Milk Marque but run the risk that it will ultimately fail like so many UK agricultural co-operatives before it? Or do they sign up with a commercial outfit with a proven record of adding value but risk having ex-farm milk prices squeezed as buyers respond to market pressures and shareholders demands for maximum profits?

It is a choice most would prefer not to have to make and as each of the players makes their increasingly aggresive pitch for milk producers over coming weeks it is anybody's guess how the future structure of the milk business will pan out. But it will be a fierce battle – that much is quite certain. I just hope there will be no broken jaws.

Aluminium producers urged to 'share pain' of output cuts

ALUMINIUM PRODUCERS must accept further cuts in output if the industry as a whole is to survive, Mr Colin Pratt of Commodities and Research Unit International told a London Metal Exchange seminar yesterday, reports Reuter.

He said the western world aluminium industry was already operating at about 91 per cent of capacity but that more cuts were needed, suggesting a 5 to 10 per cent reduction by all producers. "They must adopt a shared pain, shared gain approach," he said.

The crisis had been caused by world recession, the coming on stream of 1.8m tonnes of new smelter capacity over the past three years, and a huge increase in Russian exports, said Mr Pratt. But no new capacity was expected in the short term, giving the industry a two-year breathing space.

Demand growth, which had averaged about 1.5 per cent a year for the past four years, would increase to 3 per cent in 1994 as economies emerged from recession, he forecast. However, huge Russian exports would continue as they represented genuine excess of production over consumption, not just a stocks drawdown.

Without the shared approach to production cuts, the industry faced prices, already at all-time lows in real terms, drifting further downwards, Mr Pratt warned.

Mr Huw Roberts of research consultancy Brook Hunt and Associates told the seminar that action needed to bring the lead and zinc markets into balance would take place over the next 12 months, as smelters in some cases would simply run out of concentrates to process.

Lead would outpace zinc in the recovery, thanks to the positive outlook for replacement battery demand, said Mr Roberts.

Production cuts had already made an impact in both markets, he said, and there was no chance of large-scale reactivation of mothballed mines next year.

This year, he estimated, some 400,000 tonnes of zinc mine production would be lost, while lead output would be 200,000 tonnes lower.

Zinc prices would average $925 a tonne next year, unchanged from the projected 1993 level, Mr Roberts forecast. He saw the lead price average recovering to $500 a tonne from $390, but that would still be low in real terms, he noted.

● The LME should consider extending its business beyond the London daytime and look at introducing contracts further forward, Mr Barry Marshall, president of Hunter Douglas Metals told the seminar.

"We would like to see a 24 hour market and currently only four or five brokers provide such a service," he said. Presenting a consumers' view of the LME, he welcomed the recent decision to move contracts out to 27 months but added that more could be done. "We have to look at prices four, five or six years ahead," he said.

Mr Marshall thought the LME offered a very good hedging mechanism but he added that some fine tuning was required. More transparency on prices and volumes of LME business was desirable as at present a lot of the exchange's business went unreported.

Lower cotton prices forecast despite deficit

WORLD COTTON consumption is expected to outstrip output in the 1993-94 season (August/September), but stiff competition among exporters may keep prices low, the International Cotton Advisory Committee said yesterday, reports Reuter from New Delhi.

Output in 1993-94 is forecast at 18m tonnes, unchanged from the previous year, but consumption is likely to rise by 450,000 tonnes to 19.3m tonnes.

Despite the growth in the world total, consumption in many importing countries is declining and there is stiff competition among exporters resulting in lower prices.

The ICAC said that the average of Cotton Outlook magazine's Cotlook A Index for the season to date was around 55 cents a lb, compared with the 1992-93 average of 58 cents and a 20-year average of 72 cents.

The committee is a worldwide organisation of 46 governments created to monitor developments affecting cotton production and to promote the use of cotton. At least 190 foreign delegates and observers are attending the five-day meeting in New Delhi.

ICAC estimated world cotton stocks at the beginning of the season at 9.1m tonnes, including 3.3m in China and 1m in the US, the two biggest producers. Stocks are expected to fall to 7.8m tonnes by the end of the season.

While stocks in China are forecast to fall by 1m tonnes to 2.3m because of lower production, US stocks may rise to 1.3m tonnes.

Plantation reforms expected soon

By Richard Cowper in Colombo

SRI LANKA, the world's largest exporter of tea, is expected soon to announce substantial changes in the contracts awarded last year for the private management of 450 government-owned tea, rubber and coconut estates.

The changes are likely to include a decision to extend the contract period from five years to around 30 years, which will amount to an effective privatisation, though the land will still technically be owned by the government.

"In Sri Lanka land is a sensitive issue and there is no way we could sell it to the private sector. But before the end of the year I fully expect to be in a position to grant a new contract, possibly a usufruct contract, of 40 years," says Mr Rupasena Karunatilleke, Sri Lanka's minister of plantation industries.

The package, which has yet to be finally approved by the Sri Lankan cabinet, comes after a clamour of complaints from the country's 22 privately owned management companies. They argued that with only a five-year contract it had been impossible to raise the money needed for large-scale investment to boost productivity and stem heavy losses.

When the companies took over last year the two government plantation boards that ran the industry had run up losses of around SLRs13bn (£178m) and had put the viability of the nation's two main banks in jeopardy.

Investment of several hundred million dollars is required to modernise Sri Lanka's ageing plantations and factories. The tea bushes on many estates are over 50 years old and of the wrong type. A massive replanting scheme is required to double output per hectare.

Sri Lanka's output of tea is about 1,000kg a hectare, half that of Indian plantations and even further below that of Kenya's. With less than 10 per cent of Sri Lankan tea output converted to CTC form (curt, tear and curl, as used in tea bags), the country also needs substantial investment in new factories.

The government is talking to the Asian Development Bank in the hope of obtaining loans of around $60m, which would be re-lent to those management companies willing to put in investment of their own. The ADB is insisting that the "lease or management" contract between the government and the companies be put on a more long-term and commercially viable basis.

WORLD COMMODITIES PRICES

MARKET REPORT

Base metal trading was largely routine on the London Metal Exchange, as many participants were absent because of LME week. The three months **COPPER** price pushed higher in the afternoon, as sellers lost interest. The market eroded the band of resistance between $1,705 and $1,710 a tonne and final business was at $1,709 a tonne, up $9, with $1,725 the next target. **NICKEL** prices lost ground following the rally fuelled late last week by Inco's announcement of plans to cut production. Trader's attributed the retreat, which took the three months position to $4,455 a tonne at the end of after hours trading, down $105, to disappointed liquidation as many believed that the Canadian company's move would not be matched by other producers. **LEAD** prices edged up, as the move above $385 a tonne for three months metal touched off some light short-covering. Final business was at $390 a tonne, up $5.50 from Friday. **TIN** prices fell back in nervous trading as the market continued to fluctuate in a wide band. The three months position ended at $4,590 a tonne, down $60.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$15.21-5.30z	+0.175
Brent Blend (dated)	$17.08-7.10	+0.13
Brent Blend (Nov)	$17.33-7.35	+0.15
W.T.I (1 pm est)	$18.70-8.71z	+0.195
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$188-190	+1
Gas Oil	$181-182	+3
Heavy Fuel Oil	$61-62	+0.5
Naphtha	$160-162	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)‡	$360.25	+3.00
Silver (per troy oz)‡	434.50c	+2.00
Platinum (per troy oz)	$363.40	+1.65
Palladium (per troy oz)	$129.50	+2.60
Copper (US Producer)	82.0c	-3.5
Lead (US Producer)	34.83c	+1.13
Tin (Kuala Lumpur market)	11.60m	-0.02
Tin (New York)	216.5c	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	117.14p	-2.44*
Sheep (live weight)†♠	79.87p	-1.24*
Pigs (live weight)†	64.42p	-0.97*
London daily sugar (raw)	$269.3	+2.8
London daily sugar (white)	$292.5	+2.5
Tate and Lyle export price	£286.5	+0.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120u	
Wheat (US Dark Northern)	£166.5u	
Rubber (Nov)♥	59.00p	+0.25
Rubber (Dec)♥	59.25p	+0.25
Rubber (KL RSS No 1 Jul)	202.5m	+1.0
Coconut oil (Philippines)§	$410.0v	
Palm Oil (Malaysian)§	$340.0u	
Copra (Philippines)§	$270.0	
Soyabeans (US)	£185.0	-2.0
Cotton "A" index	15.20c	
Wooltops (64s Super)	323p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Nov/Dec u-Dec t-Sep/Oct x-Dec ♥London physical. §CIF Rotterdam ‡ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Nov	17.35	17.19	17.40	17.21
Dec	17.54	17.38	17.59	17.41
Jan	17.67	17.54	17.71	17.60
Feb	17.78	17.66	17.82	17.72
Mar	17.85	17.77	17.90	17.82
Apr	17.91	17.76	17.92	17.91
May	17.95	17.84	17.95	
Jun	18.01	17.90	18.01	
Jul	18.06		18.06	
IPE Index	17.17	17.14		

Turnover 27349 (25795)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Oct	174.25	172.25	175.25	173.00
Nov	174.75	173.00	175.50	173.25
Dec	175.25	173.50	175.50	174.00
Jan	175.00	173.25	176.25	174.50
Feb	174.00	172.50	174.50	173.75
Mar	172.75	170.75	172.75	172.50
Jun	167.25	165.50	168.50	167.00

Turnover 23987 (14143) lots of 100 tonnes

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low	
Dec	279.80	282.10	282.50	278.00
Mar	281.30	283.50	283.50	279.50
May	283.00	285.50	283.30	283.00
Aug	287.00	289.30	287.00	286.20

Turnover 334 (2283) Paris- White (FFr per tonne): Dec 1568.49 Mar 1600.58

TEA

Landed strong demand, reports the Tea Brokers' Association. Selected besty and coloury medium North Indians sold well at firm to dearer rates but plainer types were irregularly easier. Brighter East Africans advanced 10 to 15 pence following quality. Mediums remained fully firm to occasionally dearer with Pekoe dusts a strong feature throughout the sale. Ceylons moved higher particularly brighter types. Offshore good demand at dearer rates. Quotations: quality 200p nom, good medium 140p, medium 125p and low medium 100p nom.

No.7 RAW SUGAR – LCE (cents/lbs)

	Close	Previous	High/Low	
Mar	10.75	10.93	10.84	10.75
May	10.94	11.09	11.00	
Jul	11.25	11.36	11.25	11.20

Turnover 300 (548) lots of 50 tonnes.

COCOA – LCE (£/tonne)

	Close	Previous	High/Low	
Dec	905	884	907	887
Mar	935	915	936	915
May	938	919	939	918
Jul	941	920	943	919
Sep	944	923	945	926
Dec	941	925	941	923
Mar	937	920	940	925
May	937	923	938	928

Turnover: 5994 (9502) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 8 890.85 (878.50) 10 day average for Oct 11914.33 (917.21)

COFFEE – LCE ($/tonne)

	Close	Previous	High/Low	
Nov	1197	1165	1198	1170
Jan	1207	1178	1208	1182
Mar	1191	1173	1195	1180
May	1193	1166	1182	1182

Turnover: 2634 (1619) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 8 Comp. daily 67.05 (65.79) 15 day average 69.14 (69.59)

POTATOES – LCE (£/tonne)

	Close	Previous	High/Low	
Apr	90.2	89.7	91.0	90.0

Turnover 114 (116) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)

	Close	Previous	High/Low	
Oct	1424	1426	1425	1425
BFI	1395	1395		

Turnover 29 (69)

GRAINS – LCE (£/tonne)

Wheat	Close	Previous	High/Low	
Nov	98.90	100.00	99.50	98.90
Jan	100.50	101.35	101.20	100.40
Mar	102.45	103.40	103.00	102.40
May	104.45	105.15	104.75	104.40
Nov	93.00		94.00	

Barley	Close	Previous	High/Low	
Nov	101.25	101.65	101.25	101.00
Jan	103.30	103.75	103.10	103.00
Mar	105.25	105.75	105.25	

Turnover: Wheat294 (401) Barley 32 (151)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 18,567 lots
Cash	1095-5.5	1095-6		1094.5-5.5		
3 months	1115.5-6.0	1115-5.5	1123/1111	1115-5.5	1112-3	240,449 lots
Copper, Grade A ($ per tonne)						Total daily turnover 38,226 lots
Cash	1684-5	1673.5-4.5	1680-1678	1675-6		
3 months	1708-9	1698.5-7.5	1710-1697	1699-700	1709-10	174,121 lots
Lead ($ per tonne)						Total daily turnover 3,881 lots
Cash	374-5	370.5-1.5	374	373.5-4.0		
3 months	388.5-9.0	384-5	392/384	387-7.5	391-2	22,828 lots
Nickel ($ per tonne)						Total daily turnover 9,803 lots
Cash	4420-30	4510-5		4435-7		
3 months	4475-80	4560-5	4560/4455	4489-90	4455-65	47,671 lots
Tin ($ per tonne)						Total daily turnover 2,632 lots
Cash	4550-60	4675-85		4655-60		
3 months	4600-10	4720-5	4715/4590	4700-10	4590-600	11,089 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,327 lots
Cash	895.5-6.0	889-90	895.5/895	895-5.5		
3 months	912-3	904-5	913/906	911-1.5	910-1	81,995 lots

LME Closing £/$ rate: SPOT: 1.5304 3 months: 1.5211 6 months: 1.5153 9 months: 1.5080

LME AM Official £/$ spot rate 1.5365

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	360.00-360.50	
Opening	360.80-361.20	
Morning fix	360.55	234.504
Afternoon fix	361.40	235.855
Day's high	361.20-361.50	
Day's low	359.80-360.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.77	6 months	2.68
2 months	2.72	12 months	2.68
3 months	2.69		

Silver fix	p/troy oz	US cts equiv
Spot	284.50	437.75
3 months	288.65	440.90
6 months	292.65	444.80
12 months	300.35	452.15

GOLD COINS

	$ price	£ equivalent
Krugerrand	360.00-363.00	233.00-236.00
Maple leaf	372.00-374.30	-
New Sovereign	83.00-86.00	54.00-57.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Feb	Nov	Feb
1075	30	59	4	12
1100	14	42	13	20
1125	5	28	29	32
Copper (Grade A)	**Calls**		**Puts**	
1650	55	96	10	29
1700	25	66	30	49
1750	9	43	64	75
Coffee LCE	**Nov**	**Jan**	**Nov**	**Jan**
1100	102	134	5	27
1150	63	102	16	45
1200	33	74	38	67
Cocoa LCE	**Dec**	**Mar**	**Dec**	**Mar**
825	89	132	9	22
850	69	114	14	29
875	52	97	22	37
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1600	72	105	1	9
1650	28	65	3	16
1700	3	38	27	34

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	360.2	359.9	360.3	360.3
Nov	360.8	360.5	0	0
Dec	361.7	361.5	363.7	361.2
Feb	363.4	363.2	365.4	363.2
Apr	365.1	364.9	366.5	365.0
Jun	366.8	366.6	368.5	366.5
Aug	368.5	368.3	0	0
Oct	370.3	370.1	0	0
Dec	372.1	371.9	374.0	372.2

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	362.9	362.4	365.0	365.0
Nov	363.0	363.0	0	0
Jan	364.6	364.1	366.9	364.1
Apr	366.4	365.9	368.0	366.0
Jul	367.4	366.9	368.5	366.5
Oct	368.9	368.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	433.9	433.9	0	0
Nov	432.8	435.8	0	0
Dec	433.0	436.0	444.0	430.0
Jan	434.2	437.2	0	0
Mar	437.2	440.2	447.0	434.0
May	440.1	443.1	450.0	440.0
Jul	442.9	445.9	450.0	440.0
Sep	445.6	448.6	452.5	452.5
Dec	450.0	453.0	460.0	448.0
Jan	454.2	454.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	76.05	74.80	76.15	76.05
Nov	76.45	75.25	76.35	76.25
Dec	76.75	75.60	76.90	75.95
Jan	77.00	75.85	76.60	76.40
Feb	77.25	76.15	0	0
Mar	77.50	76.40	77.60	76.90
Apr	77.70	76.65	0	0
May	77.95	76.90	78.05	77.50
Jun	78.20	77.15	0	0
Jul	78.45	77.40	78.55	78.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	18.68	18.55	18.78	18.58
Dec	18.84	18.74	18.94	18.80
Jan	18.96	18.88	19.03	18.94
Feb	19.07	18.97	19.12	19.02
Mar	19.14	19.07	19.19	19.13
Apr	19.22	19.15	19.25	19.18
May	19.29	19.23	19.29	19.26
Jun	19.33	19.30	19.36	19.30
Jul	19.38	19.35	19.40	19.38
Aug	19.49	19.40	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	56.35	55.99	56.65	56.20
Dec	57.25	56.91	57.50	57.10
Jan	57.60	57.31	57.80	57.50
Feb	57.45	57.20	57.66	57.40
Mar	56.40	56.16	56.55	56.25
Apr	55.15	54.91	55.25	55.05
May	53.61	53.81	0	0
Jun	53.80	53.28	53.80	53.80
Jul	53.95	53.38	53.95	53.70
Aug	53.98	53.98	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1152	1124	1154	1127
Mar	1185	1160	1188	1163
May	1199	1176	1199	1186
Jul	1215	1194	0	0
Sep	1236	1215	1228	1228
Dec	1246	1227	0	0
Mar	1256	1237	0	0
May	1273	1252	0	0
Jul	1286	1265	0	0
Sep	1306	1285	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.05	74.10	75.50	73.70
Mar	77.50	76.60	77.75	76.30
May	78.80	77.90	79.05	77.90
Jul	80.10	79.20	79.80	79.20
Sep	81.40	80.50	81.40	80.90
Dec	83.60	82.70	82.70	82.70
Mar	86.50	85.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.55	10.73	10.70	10.52
May	10.67	10.84	10.78	10.64
Jul	10.72	10.90	10.81	10.72
Oct	10.75	10.92	10.86	10.74

COTTON 50,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	60.20	59.85	60.40	59.80
Mar	61.63	61.37	61.80	61.30
May	62.25	61.95	62.35	62.00
Jul	62.75	62.60	62.90	62.60
Oct	62.90	62.80	0	0
Dec	62.80	62.80	62.80	62.75
Mar	63.63	63.55	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	128.40	128.30	128.75	127.40
Jan	130.30	129.55	130.70	128.90
Mar	131.70	130.00	131.90	130.00
May	133.00	132.15	133.00	131.50
Jul	134.00	133.15	133.75	133.15
Sep	134.50	133.65	133.50	133.60
Nov	133.00	132.15	0	0
Jan	133.00	132.15	0	0
Mar	133.00	132.15	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Oct 11	Oct 8	mnth ago	yr ago
1577.6	1573.3	1638.5	1591.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Oct 8	Oct 7	mnth ago	yr ago
Spot	117.10	118.39	121.58	113.50
Futures	125.31	125.63	127.09	114.46

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	614/6	608/6	615/2	611/2
Jan	620/6	615/2	621/4	618/2
Mar	626/4	621/4	627/4	624/4
May	630/4	625/2	631/2	628/4
Jul	634/0	629/4	635/4	632/4
Aug	633/4	628/4	634/0	632/4
Sep	622/4	619/0	624/0	622/0
Nov	615/2	611/4	616/0	613/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	22.28	22.30	22.42	22.20
Dec	22.46	22.47	22.63	22.42
Jan	22.57	22.59	22.72	22.56
Mar	22.79	22.76	22.90	22.74
May	22.86	22.82	23.00	22.83
Jul	22.86	22.83	23.05	22.86
Aug	22.80	22.65	22.95	22.80
Sep	22.70	22.60	22.85	22.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	193.1	190.1	193.2	191.2
Dec	192.1	189.7	192.3	190.5
Jan	192.3	189.7	192.4	190.6
Mar	192.9	190.7	193.0	191.8
May	193.7	191.5	194.1	193.0
Jul	195.7	193.3	195.8	194.8
Aug	195.5	193.5	195.8	195.5
Sep	195.2	193.5	196.5	195.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	244/4	241/6	244/6	242/2
Mar	253/0	250/2	253/2	250/4
May	257/6	255/0	258/0	255/4
Jul	260/6	258/0	261/0	258/4
Sep	255/4	252/6	255/6	253/6
Dec	249/2	247/0	250/0	247/2
Mar	256/0	253/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	322/0	322/0	323/4	322/0
Mar	325/6	326/2	327/4	325/4
May	321/0	321/6	323/0	320/4
Jul	310/2	311/2	312/2	310/2
Sep	316/0	316/0	0	0
Dec	326/0	328/6	326/0	326/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	70.225	70.925	70.825	70.125
Dec	72.275	72.725	72.875	72.225
Feb	73.500	73.975	74.000	73.475
Apr	74.850	75.125	75.200	74.800
Jun	71.825	71.825	72.200	71.700
Aug	70.550	70.525	70.750	70.500
Oct	71.175	71.075	71.250	71.175

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	49.800	49.800	49.800	49.350
Dec	50.525	50.500	50.700	50.250
Feb	50.300	50.400	50.550	50.100
Apr	48.050	47.950	48.200	47.800
Jun	52.300	52.150	52.450	52.000
Jul	51.300	51.050	51.550	51.200
Aug	49.700	49.600	49.700	49.500
Oct	45.700	45.600	45.700	45.700

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	57.700	58.150	57.900	57.300
Mar	57.500	58.050	57.800	57.100
May	57.250	57.700	0	57.250
Jul	57.825	57.775	57.825	57.250
Aug	55.975	55.850	55.975	0

FINANCIAL TIMES SURVEY

Nancy is a city with self-confidence – and a high IQ: Page II

FOUR CITIES PARTNERSHIP

Karlsruhe has a long history as a technology centre: Page IV

Tuesday October 12 1993

Four medium-sized European cities, each of regional importance, have formed a loose alliance in the quest for faster development. **Tim Burt** looks at co-operation between Nottingham in the UK, Nancy in France, and Karlsruhe and Halle in Germany

A quartet tunes up

THE creation of the Single European Market, bringing with it a lifting of economic frontiers across Europe, has forced not only national governments but also individual cities to re-examine the ways they do business.

A number of cities which have seen their former industrial bases decline have begun to cast around for international partners. The prize is access to new export markets and the prospect of attracting inward investors. There is also the opportunity to learn from the experience of other similarly-sized cities or regions with similar industrial and economic problems.

Nottingham, the *de facto* capital of the East Midlands, is one example. By the late 1980s, it was clear to council officials that they had to widen their economic horizons if the city was to rediscover the formula which a decade earlier had helped make the region one of the most buoyant in the country.

Three years ago, the city's economic development committee approached its namesake in Karlsruhe, the German university town in the state of Baden-Württemberg.

Attracted by the idea of a loose alliance, fuelled by an exchange of industrial expertise, research projects and joint business ventures, Karlsruhe invited its own twin cities of Nancy in eastern France and Halle in the former East Germany to join the group – giving rise to the formal launch of The Four Cities Partnership 18 months ago.

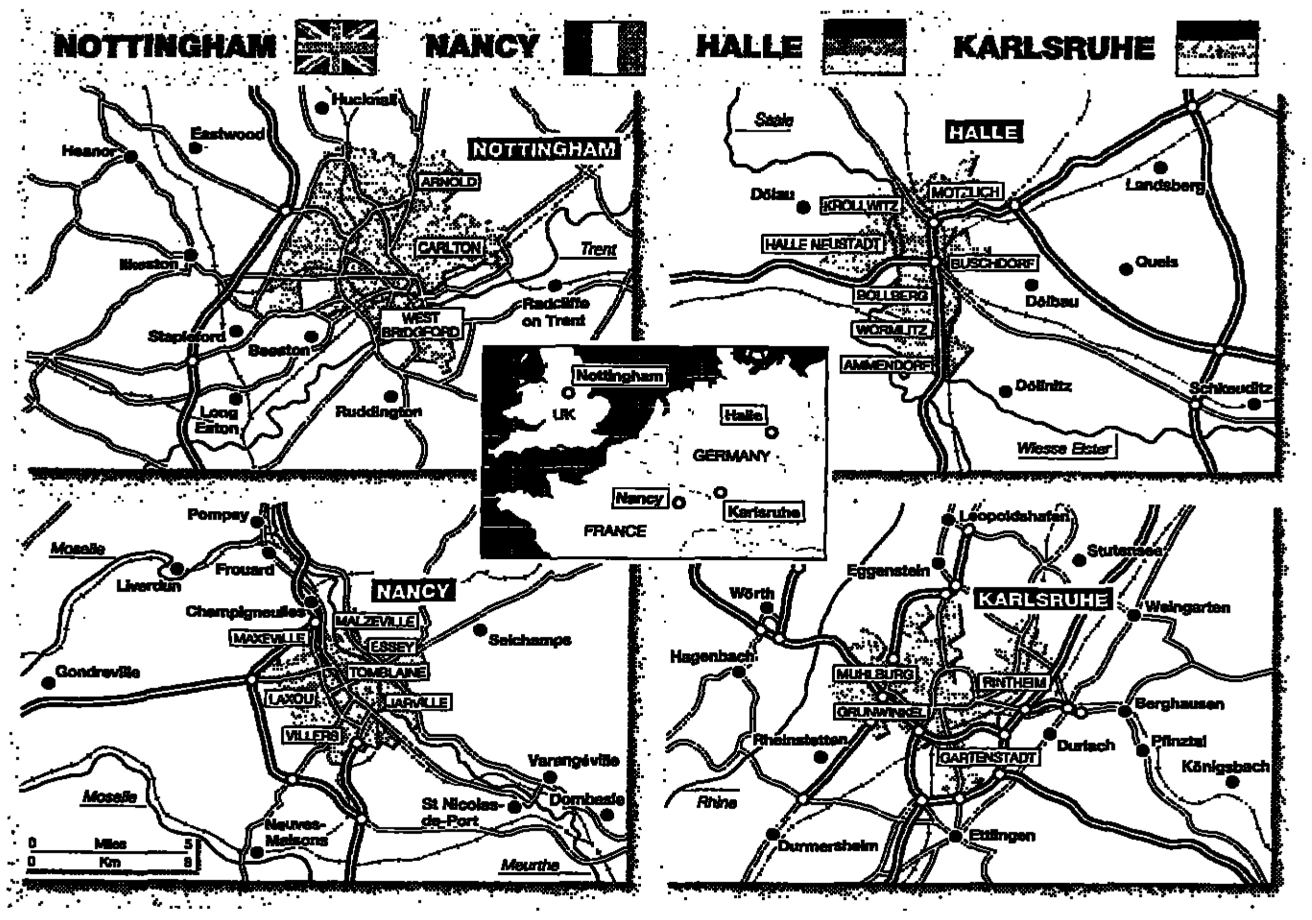
Karlsruhe itself has managed very successfully over recent years to find a new role for itself. and new prosperity. As such it is perhaps the partner with the most to offer.

Once the capital of Baden, it lost out to Stuttgart which became the chief city of the merged Baden Württemberg land, but it refused to allow the polarisation of business round its Swabian rival to relegate it to a backwater.

The economy of Baden-Württemberg has been weakened by its dependence on big employers such as Daimler-Benz, and state unemployment has increased from 4.6 per cent to 6.7 per cent.

Karlsruhe, however, has been protected from the worst of the recession by a diverse economy – even though unemployment has increased to 6.5 per cent. The city has developed an economy based on service industries and is home to some of the country's leading research institutions.

Nancy, for its part, has been affected by the decline in heavy industry around Lorraine. But, as in its German twin city, unemployment has been contained by the concentration of service companies and large academic institutions. Unemployment In Nancy is 10.4 per cent against a national average of 11.7 per cent in France.



Nottingham is having to come to terms with a rundown in the local mining industry, following the decision by British coal to close two nearby pits, and there are fears that the knock-on effects on the local economy could undermine the recovery among local companies. Unemployment totals in the city, at 11.6 per cent, are already worse than in its continental }partners.

The city retains, however, a diversified industrial base, including the headquarters of one of Britain's biggest companies, Boots the Chemist, the retailing to drugs group.

Like Nancy and Karlsruhe, Nottingham has also seen strong growth in services. Recent arrivals in the city include the Inland Revenue and English Heritage.

Halle, by contrast, has problems of a different scale, and in theory it has most to learn from its richer neighbours. Once the powerhouse of its region, the unification of Germany has rendered Halle's manufacturing, machine tool and chemical industries uncompetitive, and about 40 per cent of the workforce is unemployed.

In the limited time since the partnership was formed the city partners have put in place a number of exchanges between businesses, academics and individuals, but so far they have not been able to take many of their joint initiatives beyond the discussion stage.

But some tangible projects are now beginning to emerge.

Among these is the establishment of technology regions based on a successful model in Germany. Designed to attract new companies with promises of cheap and readily available factory space and skilled workers, the technology zones have been taken up in all four cities.

Universities in each city have also embraced the alliance. There are student and academic exchange programmes under way and a pooling of expertise. For example, a business graduate from Halle could seek the advice of management buy-out research centre in Nottingham.

The exchange of expertise has also been taken up by city planners. The main beneficiary of this so far has been Nottingham, where officials developing a rapid transit system have been able to consult executives operating an existing network in Karlsruhe.

Inevitably there are some problems in the relationship between the cities; some of the links between them work more effectively than others. These problems are more of tone than of substance, however, and partnership officials are determined to solve them.

City leaders backing the Four Cities Partnership believe, too, that investment by the partners in each other's cities will come – given time. They acknowledge that the recession in Europe has delayed their vision, but are adamant that it has not been derailed.

All four are determined to press ahead with their alliance, which they regard as a vital building block for future development. They also believe that they are creating a model which other cities and regions across Europe will find well worth examining and adapting to their own needs.

NOTTINGHAM

The patient is on the mend

THE RECESSION in Britain wounded Nottingham. But the economic injuries inflicted on the city have not scarred it permanently.

Unlike other cities, where dependence on a single industry or employer has left large sections of the workforce facing unemployment, the self-proclaimed capital of the East Midlands has been protected by a diversified economy.

The full impact of the recession was defused because the shock waves were spread across a large number of employers.

While the collapse of Swan Hunter devastated parts of Tyneside, or the loss of British Aerospace cast a pall over Hatfield, Nottingham was able to fall back on a mixed economy based on textiles and a clutch of large companies such as Boots and Raleigh and a host of small manufacturers.

But Nottingham did not emerge unscathed. British Coal's decision to close the nearby pits of Cotgrave and Silverhill has dealt a serious blow to the mining workforce. Nottingham County Council estimates that the full effect of pit closures could lead to a 15 per cent shrinkage in the area's gross domestic product.

The knock-on effect of the closure programme has yet to be felt, but the county council claims that for every two jobs which disappear from the mines, another goes outside. There could be serious implications for an economy where spending by mines on goods and services has been estimated at £210m a year.

Redundancies among miners are likely to exacerbate high levels of unemployment in parts of Nottingham. Although unemployment of 11.6 per cent in the Nottingham travel-to-work area is only 1.2 per cent above the national average, some inner city wards have suffered disproportionately. Unemployment in Radford is estimated at 44 per cent; 39.2 per cent in Lenton; and 35.2 per cent in Forest.

These pockets of high unemployment reflect small business failures and the shake-out of jobs by companies introducing labour-saving technology.

Overseas inward investment, a big priority for the city council, has not yet produced the results to offset such deprivation. Five inward investment projects last year created just 117 jobs in the city, according to Invest in Britain, the department of trade and industry's development agency. By contrast, unemployment in Nottingham's 10 worst-hit wards exceeded 10,800 in the year to July 1993.

In its determination to counter the decline, the city council has launched an economic development strategy aiming to deal with the effects of social deprivation. The goals include capitalising on the strong growth in the service sector, protecting the diverse industrial base and emphasising the role of the excellent higher education facilities in helping new companies.

The ideas are ambitious but attaining them is another matter

The ideas are ambitious but attaining them is another matter. Any of the 1,340 miners facing redundancy at Cotgrave or Silverhill would probably be sceptical; Mr Jim Taylor, director of development at the city council, is not.

Continued on next page

FOUR CITIES PARTNERSHIP II

Nottingham plans a new transit system to relieve pressure on roads

Motorists queue to get in

TRAVELLING into Nottingham can be wearing. Rush-hour commuters know they are near the city centre when the traffic grinds to a halt.

The capital of the East Midlands has congestion worthy of a metropolis three times the size. At peak times, queues of motorists joust with buses, which have crowded into the city following deregulation and the decision of rival companies to compete head-on.

Planning officials have inadvertently made the problem worse by turning a number of city streets into pedestrian malls, leading to delays and jams on remaining roads when buses stop to pick up passengers or trucks make deliveries. To the west of the city, the congestion stretches into the suburbs where motorists travelling in from the M1 motorway are filtered on to a single-lane road.

Mr Malcolm Reece, chief executive of Nottingham Development Enterprise, has no illusions about the dilemma. "Compared with similar European cities our infrastructure is a problem. Our road links are poor – you have to queue to get into the city. That is a bad sign."

Aware of the deterrent effect of poor infrastructure to businesses and consumers, Nottingham is planning a new transport system to ease the jams.

The city is going back to the future. Like other British cities which ripped up tramlines in the 1950s, Nottingham is looking wistfully at light rail systems to take pressure off the roads.

Planners in the East Midlands are following the example of their colleagues in Manchester, Sheffield and Birmingham, which all have new transit systems in operation or under development.

Karlsruhe, one of the prime movers in the Four Cities Partnership, has also offered technical expertise to Nottingham

Although systems elsewhere in the UK are more advanced, Nottingham Development Enterprise (NDE), which is masterminding the project, says it has been successful in forging links with overseas cities with rapid transit systems in place.

Citing the advantages of rapid transit – involving light rail carriages capable of running on regular railway track or mingling with road traffic on street rails – NDE claims that a similar system in Grenoble "immediately attracted 65,000 users every day".

Karlsruhe, one of the prime movers in the Four Cities Partnership, has also offered technical expertise to Nottingham. German officials have acted as advisers on proposals for a £65m line stretching north from the city centre to the outlying village of Hucknall.

Advice from Karlsruhe has focused on the German city's pioneering model of track sharing between trams and regular trains. If adopted in Nottingham, trams would intermingle with trains on a five mile section of track currently operated by Regional Railways, the division of British Rail, between the suburb of Basford and Hucknall.

Officials at VBK and AVG, the two companies operating the Karlsruhe system, have also offered information on vehicle selection, maintenance and civil engineering. The aims – to relieve congestion, attract more consumers, retailers and new businesses into the city – are laudable. But there is considerable doubt over whether it can get off the drawing-board.

The department of transport has told city authorities around Britain that it can afford to make grants available to one rapid transit system a year. But Nottingham is some way down the pecking order in the list of applicants.

Sheffield is expected to win the next tranche of state aid for its system, with Birmingham next in line. After that Croydon, Leeds and Nottingham are all vying for contention.

With increasing curbs on public sector spending, the government may not be so well disposed to rapid transit schemes by the time Nottingham reaches the front of the queue.

"I don't know when the government will have the money," admits Mr Reece. "So we have to spread the risk."

The enterprise agency is seeking private backing for the venture and says local companies have raised £700,000 out of £2m committed so far. That leaves a yawning gap in the financial arithmetic; the money raised is only a fraction of the sums needed and the government may be reluctant to pick up the shortfall.

Nottingham, however, is determined to reform its transport infrastructure. It could do worse than looking at Nancy, where the city opted for trolley buses in preference to trams. Development costs for the system, a hybrid between buses and light rail, were offset by a levy on businesses.

It could be an attractive option in the East Midlands, where the dreams of a rapid transit network are a long way from reality. Whichever system the city chooses, Mr Reece knows there must be a change. "If there's no public transport relief the city will lose economically. The consumers and businesses will go elsewhere."

Tim Burt

The patient is on the mend

Continued from previous page

Mr Taylor, a leading advocate of the Four Cities Partnership, claims Nottingham already has the strength to become the economic powerhouse of the East Midlands. He points to the success of companies such as Boots, whose pharmaceuticals division is headquartered there; GEC Plessey Telecommunications; ZF Gears; and Central Television as examples of how the city is moving away from traditional industry.

While acknowledging there are problems of deprivation, Mr Taylor says: "We've got the best city centre management scheme in the country. There is £37.5m of City Challenge money going into rundown areas, and we've cleaned up 3,500 buildings in 10 years."

His optimism is echoed, albeit cautiously, by Nottingham Development Enterprise, the local business promotion agency. Mr Malcolm Reece, the agency's chief executive, believes the recession has changed the culture among companies seeking outside investment. "Companies now realise our future lies in Europe. It would have been good if that had been recognised five years ago, and the Four Cities Partnership is a response to that," he says.

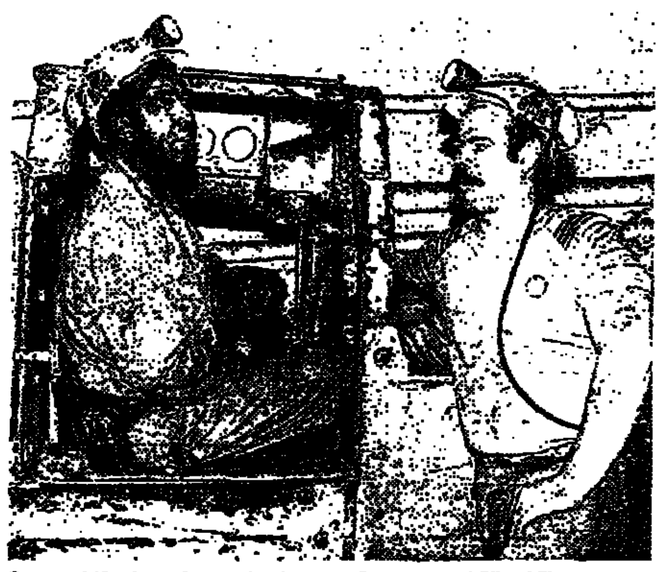
The move toward Europe reflects the need to refocus on new markets, according to the enterprise agency, and, if successful, should soften the blow of pit closures.

The city aims to lure inward investors with attractive incentives such as its stable and low wage workforce. The average gross weekly pay for male workers is £270, compared with a national average of £300; while the average number of days lost to strikes is the second lowest in the country.

The accountancy firm of Price Waterhouse, meanwhile, claims the region's prospects have been increased by a recent survey showing that 81 per cent of businesses thought they had now experienced the worst of the recession, against 59 per cent in 1992.

Aware of the need to capitalise on signs of increasing confidence, Nottingham has taken on some ideas pioneered by its sisters in the Four Cities Partnership. These include setting up a technology region offering low cost sites to innovative design companies modelled on a similar scheme in Karlsruhe; a rapid transit system, on which the developers have sought German advice; and putting increased emphasis on international links between academic institutions.

The Four Cities Partnership, however, is not responsible solely for these initiatives. It is a useful arena for exchanging expertise and development proposals but it does not have the muscle to force through change. That is up to the partners themselves, and Nottingham would have to develop plans to safeguard its economy whether the partnership existed or not.



Some 1,340 miners face redundancy at Cotgrave and Silverhill *Picture: Reuter*

For the city, therefore, inward investment means not only attracting continental companies but also wooing business from elsewhere in the UK. Citing some success in this strategy, the city council says it has persuaded the Inland Revenue and English Heritage to move to Nottingham as part of a £90m relocation package. It also hopes to site a Channel tunnel freight village at Toton sidings on the city fringes.

Mr Taylor is certain that this mixed response to the recession is the right way to cure Nottingham's economic ills.

The prospects for a recovery have been boosted by the presence of finance houses in Nottingham with venture capital to aid expanding companies.

Mr Roger Cole, director of 3i in Nottingham, says companies that survived the recession now need to raise new equity. "It's helpful to be close to your financiers. All the major firms of accountants have offices here, as do most of the clearers."

Assessing the local economy, he adds that fewer "distressed" parent companies are selling off subsidiaries and most employers are happier with domestic orders and export growth than a year ago.

By his analysis, if Nottingham was characterised as a patient recovering from a trauma then it would be out of intensive care. The prognosis is hopeful: stable and getting better, but not able to get out of bed yet.

Tim Burt

Profile:

Sir David White

No friend to sacred cows

SIR David White is tired of waiting for Britain's politicians to reach agreement on Europe.

The industrialist, regarded by many businessmen in Nottingham as the city's corporate champion, puts his frustration bluntly: "We have spent the last 20 years in Parliament arguing about Europe and it's getting in the way of business. Most companies recognised years ago that we couldn't screw around, we had to get on with the market."

Companies faced a clear risk by waiting for parliamentary approval: their overseas competitors would proceed without them – forging alliances to pave the way for orders worth millions of pounds. If businessmen regarded the European Community with the same suspicion as the Eurosceptics at Westminster, lucrative contracts would have been lost and thousands of jobs threatened, says Sir David.

Speaking in his oak-panelled office at Nottingham Health Authority (which Sir David has added to his clutch of chairman-posts, along with Nottingham Trent University and Mansfield Brewery), he says that securing such contracts depends on creating a climate of mutual trust between trading partners.

As an initiative to foster that trust, the Four Cities Partnership is a valuable asset – albeit a delayed one – for companies operating out of Nottingham, he adds. "It may be that we've got away with it because other countries such as the US have not taken advantage of the EC market while we've been faffing around."

Now that the partnership has been formed, Sir David – a former deputy chairman of National Freight Consortium and founder chairman of Nottingham Development Enterprise – says companies should waste no time in exploiting the opportunity to establish a greater presence in Europe.

Citing the success of the Mansfield Brewery in winning export orders to Russia, he warns companies to develop a keen sense of customer tastes if they are to win the kind of contracts that secure jobs at home. "It's not just about getting your feet under the boardroom table but under the kitchen table. We must make every effort to understand our customers – if we get to know them culturally then we can judge their foibles and moods."

Winning the trust of companies and politicians overseas demands flexibility among executives and councillors in Nottingham. Sir David says businessmen may have to give up some sacred cows if they are to establish that trust – primarily the adherence to sterling rather than a single European currency.

Sir David sees the Four Cities Partnership's main role as changing perceptions over links with Europe. "If it creates closer relations that would be helpful, but it's really just setting the scene rather than producing jobs."

Tim Burt

NANCY

City with a high IQ

NANCY is a city with far more self-confidence than the surrounding region of Lorraine.

This is not surprising. It was always going to be easier for this city of services, with its three universities, 45,000 students and long cultural tradition, to adjust to a post-industrial future than Lorraine, hit by the triple decline of coal, steel and textiles.

Nancy, too, naturally thinks of itself not just on a regional but also a European scale. Many of the bewildering number of institutions in the city have "European" attached to them, (as in the city's "European university pole" or "European enterprise and innovation centre"); or "international", as in "International Water Centre". It is as if the city believes that whatever it is doing should automatically be of significance to the wider world.

If this sounds as though Nancy is getting above its station, it should be remembered that it did once occupy a rather high station as an independent principality which only joined France in the mid 18th century.

Its last ruler was Stanislas Leszczynski (1737-66) who, after losing the throne of Poland in yet another division of that country, accepted Lorraine's invitation to come and rule it – near to his daughter, who was married to Louis XV. He then used his own money, and his son-in-law's, to great effect by creating the Place Stanislas and the rest of the rococo heart of Nancy.

A century later Lorraine was spilt into two: Metz and the eastern part were annexed by Germany from 1870 to 1919, and Nancy was left very much on the front line as the standard-bearer of French revanchism.

Baron Bernard Guerrier de Dumast, a vice-president of the Greater Nancy Development Agency (ADUAN) and scion of one of Nancy's oldest families, describes the legacy of this chequered history. "First, it made Nancy a far more Latin city than its neighbours, even to the point of making it more Florentine than French, a city of intrigue still which harks back to the time of a prince, a court and courtiers.

"Second, and more positively, it is a city with a capital spirit. Metz became Lorraine's military and administrative capital, but Nancy remains its cultural and even economic centre, harbouring no fewer than 450 regional headquarters of private companies and public authorities.

"Third, Nancy, like Lorraine, has been squeezed over the centuries between the Holy Roman and German empires on the one hand, and France on the other, and thus invaded a lot. But it has left it undeniably a European city."

Today's "prince" of Nancy is its mayor, Mr André Rossinot, a former doctor who is now also the minister for France's large civil service in the Balladur government (see profile). Mr Rossinot has no doubts about his city's place in the European sun. With the eastward extension of the TGV (*train à grande vitesse*) from Paris to Nancy, Strasbourg and eventually points in Germany, he says, "We will no longer be a frontier zone leading nowhere, but at the heart of the Moselle-Rhine basin.."

The mayor does not rate the TGV as a miracle cure, but simply "as one of the criteria by which companies will now judge where to invest." However, as a result of the Balladur government's latest plan, Nancy is scheduled to get its TGV link with Paris several years before Strasbourg – a fact which Nancy's developers hope to exploit.

Even without the TGV Nancy is not suffering unduly. To the extent that the city has problems, these stem from the decline of industry on its periphery. To the north and south west, it has the former steel-making basins of Pompey and Neuves Maisons. In Dombasle, to the south east, it has the chemical plants of Solvay and Rhone-Poulenc, which are in better shape.

Industry provides only 10 per cent of private sector employment for greater Nancy's 350,000 population

In all, the periphery still provides 12,000 industrial jobs. But, as Mr Gérard Rongeot, director-general of ADUAN, says, industry provides only 10 per cent of private sector employment for greater Nancy's 350,000 population, while services account for 70-80 per cent, with the construction sector filling the rest.

Unemployment is a little more than one percentage point below the national average (10.4 per cent as against 11.7). There are several reasons for this. According to its secretary-general, Mr Jean-Luc Robaux, St Gobain's Pont à Mousson pipe-making division has laid off none of the 2,000 workers it employs full time in the town of that name. At the same time, however, the Pont à Mousson executive remains rather pessimistic about world-wide over-capacity in iron pipe-making.

Mr Robaux lauds the "long-standing savoir-faire" of Pont à Mousson iron-forgers. If so, it is hard to see why the French company would want, or need, to continue making anything as basic as the cast iron manhole covers which, Mr Robaux complains, are coming in large and cheap quantities from eastern Europe.

Some local banks have done their bit, as Mr Bernard Yoncourt, president of SNVB, explains. To the charge that banks are letting new or small companies go under in the present recession, Mr Yoncourt retorts that not only is SNVB still lending to one in three of every small and medium sized company in its catchment area (the Seine-Marne, the Champagne Ardennes and Lorraine regions), but its venture capital fund invested FFr50m in new companies last year.

But the most important influence is the economic stability provided by Nancy's outsize academic population – 45,000 students act as a steady "employer" of some 5,000 people to teach them, and perhaps as many again to house, feed, transport and entertain them – and the technological hope for the future represented by the numerous government and university laboratories, and the 15 *grandes écoles* for engineers and managers, clustered in and around the city.

Local politicians, businessmen and university leaders have joined together in an effort to try to put all this pure research to commercial use. This has helped to create new businesses (see accompanying article) and to preserve existing industry.

Mr Henri Bégorre, mayor of the Nancy suburb of Maxéville and the politician responsible for dealing with all the universities in the city, estimates that the universities have been very important to the survival of the local subsidiaries of Rhône-Poulenc, the chemicals group, and of SGS-Thomson, the semi-conductor maker which has now sold its Maxéville plant to a Hong Kong group. In stepping in to help business, Nancy's academia is returning past favours from locally-established business. Solvay, for example, helped to found Nancy's *école de chimie*.

By the high standards of eastern France, Nancy has attracted a reasonable but not spectacular amount of foreign investment. Notable among investors are Kimberly-Clark of the US, making Kleenex; Ferruzzi, in food; Clarion of Japan, in car radios; Bauer of Germany, in electric motors. Nancy is choosy. "We don't want bounty-hunters, because we have not got big bounties (in the form of EC, national or regional investment incentives) to offer," says Mr Bégorre.

"What we want are companies with the right strategies," he says. He gives an example: a Nancy university invention in anti-adhesives, better known as non-stick materials, which has applications not only in the kitchen but also in reducing friction in motors. "One of the bidders is a company called Tefal, which obviously needs to sort out its marketing image with Teflon of the US if it is to be competitive with other possible exploiters" of the university invention.

This is typical of the slightly know-all attitude of many of Nancy's leaders. But, then, some of them do know a lot. Nancy is a city with a high average IQ.

David Buchan

FOUR CITIES PARTNERSHIP III

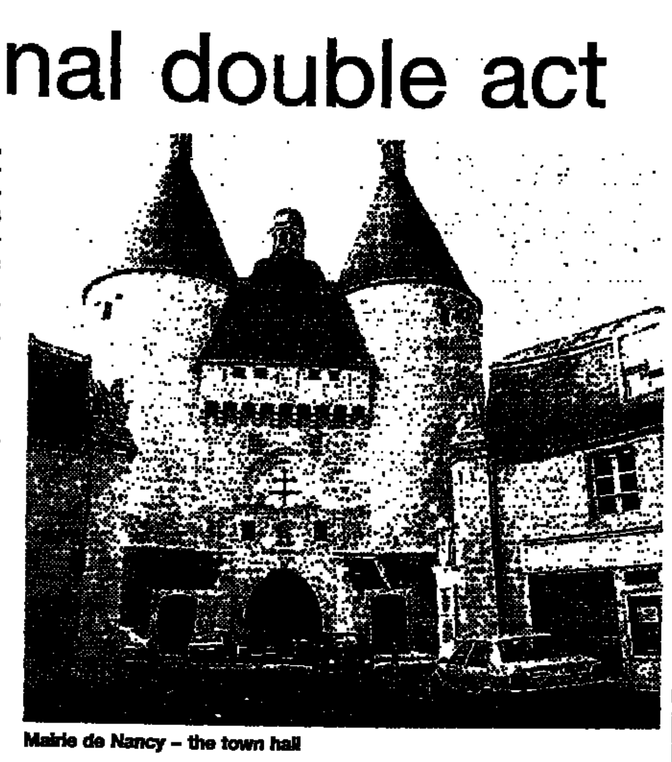
Profile: **André Rossinot**, mayor of Nancy

Regional double act

MR André Rossinot's two jobs, as France's civil service minister and mayor of Nancy, incarnate two trends in today's Europe: the way in which provincial cities and regions are gaining power at the expense of the national state; and how they are allying with each other across national borders.

Mr Rossinot has a special brief to continue with all deliberate speed the transfer of French bureaucrats out of over-crowded Paris to the more sparsely populated provinces.

For a UDF politician such as Mr Rossinot, it is the ideal job. The UDF has long believed in the regions. Its partner in the ruling coalition – the RPR Gaullists, who inherit the centralising tradition of the Bourbon kings and the Jacobin revolutionaries – has been only reluctantly convinced of the need in recent years for some devolution of power.



Mairie de Nancy – the town hall

But Mr Rossinot cautions that "the idea of regions is new in France" – a regionalisation law passed in the early 1980s only really took effect in 1986. Interviewed in his stately office overlooking the Place Stanislas, he also complains that his Socialist predecessors gave *delocalisations* (the transfer of government offices out of Paris) a bad name by being "too brutal". Prime minister Edith Cresson's peremptory ordering of the famous Ecole Nationale d'Administration (ENA) from Paris to a refurbished prison in Strasbourg led to legal problems, which Mr Rossinot and others in the Balladur government have subsequently had to sort out.

Nonetheless, Mr Rossinot is sticking to Mrs Cresson's plan for an exodus of 30,000 civil servants out of Paris by the end of this century; so far a tenth have left the French capital. Indeed, the mayor-minister says he intends to make *delocalisations* a permanent feature of French territorial planning.

"We have the advantage of having more space than Britain to work with, but we also have the disadvantage of over-concentration in some urban areas and desertification in some parts of the countryside". The Balladur government will continue to shift new powers, such as responsibility for professional training, to the regions, says Mr Rossinot.

As mayor, Mr Rossinot has been able to preside over his city's growing international links. Although Nancy is also twinned with Padua in Italy, Liege in Belgium, Kanasawa in Japan and many others, its key relationship is with Karlsruhe.

Twinning with this German city 35 years ago was "an act of political courage," says Mr Rossinot. It has paid off since, and not just in terms of sporting, student and tourist exchanges. Karlsruhe has been very active in joining Nancy and other French and German cities to lobby for a high-speed Franco-German rail link. "As a result, the last two Franco-German summits have stressed the importance of extending the TGV east of the Rhine," says the mayor-minister.

For Nancy, in its enthusiastic courting of Karlsruhe – which extends to close co-operation between the cities' universities in chemical engineering – Nottingham and Halle count for relatively little, despite the success of the 1991 joint exhibition by the four cities at the Hanover trade fair.

Nancy is still formally twinned with Newcastle. The only economic link seems to be a (not very successful) plant near Nottingham belonging to Pont à Mousson, the Nancy tube-maker. Some people in Nancy also express disappointment that Nottingham's interest in the four city arrangement is more in marketing and "Europeanisation" of the cities' image to impress the European Commission, rather than in establishing more basic business or educational links.

By contrast, Nancy may eventually be drawn much closer to Halle through the medium of its German sister town, Karlsruhe.

David Buchan

Nancy ideas and techniques enter the market

Sefam's show case

"WE will now probably go for external growth and make an acquisition or two – we've got plenty of cash," says Mr Pierrick Haan, president of Sefam, a company which did not exist 10 years ago but is now the French market leader in breathing equipment for patients being treated at home.

Sefam (Société d'Etudes et Fabrication d'Appareillage Médical) is a show case example of how ideas and techniques in the laboratories of Nancy and the surrounding area can be successfully brought to market.

In his brand new offices in the Brabois science park on Nancy's southern outskirts, Mr Haan recalls how he and another engineer at the INSERM national health institute in Nancy, in 1983, conceived the idea of making small series of specialist equipment. But he says that their company only took off a couple of years later, when they started to make a respiratory machine invented by a Strasbourg neurologist.

"We were lucky enough to fall into an enormous market," says Mr Haan. The machine caters for serious snorers who suffer breathing and sleep interruption, and for chronic sufferers from bronchitis and emphysema. Last year Sefam sold some 4,000 respiratory machines, half in France and half in the rest of Europe.

Its equipment does not come cheap; its Continuous Positive Pressure machine sells for about FFr10,000. But the cost is generally borne by governments (except the UK's National Health Service, which is even more short of cash than its continental counterparts), because these machines allow patients to be treated at home – cheaper than hospital care.

With a FFr70m annual turnover now, Sefam may have reached saturation point in respiratory equipment, but Mr Haan intends to target other "home care" products such as wheelchairs and electric beds for the handicapped.

Mr Haan says he is not a big fan of the local authorities "nursery" programme for infant companies – though Sefam benefited by only paying a nominal rent for its first two years on the Brabois science park. But that science park now has 12,000 people working on its 500 hectares. Mr Bernard Guerrier de Dumast, of Nancy's Development Agency, points out that the science park depends on bringing the university and business worlds together. "This requires constant pressure. The moment you relax this pressure, the two sides fall apart."

Someone who has applied constant pressure is Mr Michel Gantois. In addition to founding a couple of companies in his own field, engineering materials, he used his 1986-92 presidency of the Institut National Polytechnique to federate this engineering faculty with Nancy's much larger universities. Thanks to Mr Gantois' efforts, Nancy's universities, like those of Strasbourg and Grenoble, are now considered by the French government to form a *pole universitaire européen*.

This is not just a public relations effort to attract European Commission attention and money. It is a recognition of what Nancy's universities have done to pool research in areas such as engineering materials, industrial safety and cleaner manufacturing, and to improve foreign links. Nancy's French students are being given more facilities to learn foreign languages. Extra French is laid on to increase the share of foreign students in Nancy. Nancy is also reaching out to help universities in Poland and Hungary.

David Buchan

KARLSRUHE

Relatively resilient

KARLSRUHE can legitimately claim to be Germany's dream city.

According to legend, the town came into being after the Margrave Karl-Wilhelm von Baden-Durlach fell asleep under a tree after a day's hunting. He dreamt of a splendid palace, with pathways leading up to the building like a fan. On waking he determined to move his court from Durlach and build the palace on the spot where he slept. Thus in 1715 Carol's-Ruhe – "Charles' Peace" – was founded.

It is no exaggeration to say that modern Karlsruhe retains the charm identified by its founder more than two and a half centuries ago. With 273,000 inhabitants it is the 20th largest city in Germany, bright and open. At its centre is the palace built by the margrave, and the expanse of the Marktplatz, surrounded by the 18th century facades built by the architect Friedrich Weinbrenner.

Following the contours of the dream, the rest of the city spreads out, fan-like, from the centre, its suburbs interspersed with parkland. The local food is more refined than the average German fare, reflecting the influence of France, barely 20km away. The scenic delights of Alsace and the Black Forest are likewise not far away.

Karlruhe is a pleasant place to live, work and study, with none of the abrasive qualities of many of Germany's bigger cities. "It retains many of the qualities of a small town but lacks nothing that a large city can offer," claims Mr Horst Zajonc, head of the city's business promotion office.

The third largest city in the south-western state of Baden-Württemberg, after Stuttgart and Mannheim, Karlsruhe came late to industrialisation. In time of European warfare its geographical position close to the French border discouraged investment in manufacturing industry. Until 1952 it was the capital of the state of Baden, giving the city a reputation as "civil-servant" city.

Germany's federal constitutional court ensures that Karlsruhe still plays a role as an administrative centre, but the city's regional importance diminished after Baden merged with the state of Württemberg to form what developed into the most prosperous of western Germany's *Länder*, and the city of Stuttgart became the state capital.

For years Karlsruhe trailed behind Stuttgart, as the former state of Baden failed to develop as successfully as Württemberg – or Swabia, as the eastern half of the state is called. Swabia is an almost mythical land, its inhabitants fabled for their love of independence and hard work; technically minded entrepreneurs who built up corporate giants such as Daimler-Benz – Germany's biggest industrial company – or Robert Bosch, the car components group, not to mention dozens of medium-sized or *Mittelstand* companies which acted as the motor of Germany's post-war economic miracle.

The charms of Baden, its scenery and its vineyards, did not appear to compensate for the success of Swabia; Karlsruhe had to work hard to fashion for itself an identity. The city has built itself up as a technology centre (a term reflecting the presence of more scientists as a percentage of the population than anywhere in Germany), an abundance of research centres, and the Fridericiana Technical University, founded in 1825 and the oldest of its kind in Germany, together with many other technically-orientated higher education establishments.

Research institutes in the city include the federal nuclear research centre (*Kernforschungszentrum Karlsruhe*); three Fraunhofer institutes (one for system technology and innovation research, one for chemical technology, another for information technology and data processing, which is a special strength of the local university); a research centre for informatics; federal institutes for mathematics and data-processing, for nutrition, for hydraulic engineering; the state institute for environmental protection.

Some 10,000 people are employed in the city's research institutes. There are also numerous other institutes which specialise in converting research results into commercially viable products and processes. Karlsruhe has linked up with seven municipalities and two rural districts in Baden to form the so-called *TechnologieRegion Karlsruhe*, proudly sold as a mixture of "high-life and high-tech".

For decades, the "ideas factories" of Karlsruhe and neighbouring towns were not enough to give Baden the edge against the real factories of Württemberg. Now, amid Germany's worst recession since the second world war, the tables have been somewhat turned.

The Stuttgart region's dependence on the car-making industry and on machine-tool manufacturing means that Württemberg has become a German crisis region. Unemployment is higher than it has ever been. GDP for the state of Baden-Württemberg fell more sharply in the first six months of the year than for western Germany – by 4 per cent compared to 2.6 per cent.

It is easy to exaggerate the problems of the Stuttgart region – after all, its decline is from a very high base - but there is no doubting that it is suffering badly amid a crisis in the European car making industry and the collapse in world demand for capital goods which has hit the state's machine-tool industry particularly badly. By contrast, Karlsruhe's economy, while hardly immune from Germany's recession, is looking more resilient.

"For the first time in 10 years our unemployment figures are better than the average for the state as a whole," Zajonc of the business promotion office says gleefully. In July last year unemployment in the city was 4.9 per cent compared to 4.6 per cent for Baden-Württemberg. In July this year unemployment had risen to 6.5 per cent for Karlsruhe – and to 6.7 per cent for the entire *Land*.

This relative resilience reflects the structure of Karlsruhe's economy: less dependent on manufacturing and on big companies than Baden-Württemberg as a whole. Manufacturing accounts for about a third of the city's jobs. The average number of employees at the region's 10,000 companies is 180.

The service sector is well-represented: big local employers include the Karlsruhe Lebensversicherung life insurance company; the Badenia Bausparkassen investment company; the Landeskreditbank Baden-Württemberg, a regional bank; and the Heinrich Heine mail-order firm.

The region's heavy reliance on research institutes is not good for Karlsruhe's employment outlook: they are mainly public-sector bodies feeling the impact of the German government's need to cut expenditure. At the Kernforschungszentrum, for example, where 90 per cent of its DM700m budget comes from government grants, the workforce is set to shrink by 480 people – about 15 per cent – by the end of 1995.

Despite the clouds of unemployment, one fact ensures that Karlsruhe maintains some of the dream-like qualities of its origins. It gets more sunshine than any other city in Germany.

David Waller

Hans-Georg Zierlein of the constitutional court

Judicious watchdog

FOR the past few months Mr Hans-Georg Zierlein, director of the German constitutional court in Karlsruhe, has been watching with some horror the events unfolding in Moscow.

It was not so much the collapse of the Russian economy, or the political confusion, or even the sight of tanks firing rockets at the Russian parliament, which shocked him. It was the extraordinary political behaviour of the Russian constitutional court.

Mr Zierlein is director of the German federal constitutional court in Karlsruhe, spokesman for the court, head of protocol and chief of security, just to name a few of his functions.

He is not a judge, although he is qualified to be one, and has written learned papers on the functions of the court. Indeed, if he were a judge, he would have been long gone from the job: they must leave after a maximum 12 years. Mr Zierlein has been in charge of the court's administration for 20 years, and in Karlsruhe for 23. And he remains irrepressibly enthusiastic.

"You must not think that we are remotely like that constitutional court in Moscow. The president of the court there appears to be totally political," he says. "We have never been anywhere near that. Very occasionally, this court is accused of stepping across the borderline between the law and politics. Perhaps it is inevitable. But we are talking about the 499th case out of 500.

"It is recognised everywhere, inside Germany and abroad, that this court is an independent court. Our independence has played an important role in the stability and credibility of the German Federal Republic."

If Karlsruhe features in the headlines of the German press, then the chances are that the cause is the federal constitutional court. Alongside the staunchly independent German Bundesbank, it is the institution which has done most to give German citizens a belief in the resilience of their post-war democracy, and the revival of a law-based state after the Nazi era.

"People trying to transform their countries from dictatorship to democracy look to our case as an example," Mr Zierlein says proudly.

The court is modestly tucked away in a grey marble-faced modern block in the palace gardens, self-effacing like so many of the federal republic's post-war institutions. Nonetheless, the court is being forced to play an ever greater role in German life, with a steady increase in the flow of complaints and appeals and constitutional quarrels being passed on to its judges by the political institutions of the state.

For a supreme court, it has the unusual distinction of being a single entity, but it is divided into two chambers, or senates, each consisting of eight red-robed judges. "In 1951, when the court was founded, there were 800 cases in one senate, and none in the other," says Mr Zierlein. "So they had to change the division of powers, to balance the workload."

The number of approaches to the court now totals more than 4,000 a year. This year, the second senate alone has had to deal with reform of the abortion law, challenges to the Maastricht treaty, the dispute on where and when German troops can serve outside the Nato area, and the complaint by former East German spies that they cannot be tried under West German law for their offences.

The system is certainly creaking under the strain. But Mr Zierlein is not complaining. The court must remain scrupulously non-political, and seek to interfere in the political process as little as possible, he says – on the lines of the US Supreme Court concept of judicial self-restraint. The very fact that it is being used so much shows that it works.

Quentin Peel

FOUR CITIES PARTNERSHIP IV

HALLE

New and harsh realities

BEFORE the unification of Germany there was hardly an ambitious communist party *apparatchik* who did not want to be promoted to run the eastern German city of Halle.

It was a powerful sinecure. Its importance as a party post lay primarily in the region's old industrial base, which in turn had bred a radical socialist movement. Not surprisingly, the city's nickname, "Red Halle", was coined long before east Germany's communists assumed power in 1949.

The city's economy was anchored on heavy industry, consisting of machine-tool manufacturing, chemicals, and brown coal. These were the three main engines which also drove the east German economy. But they were never tested on the world market. After the declaration of German unification on October 3 1991, preceded by monetary union which did away with the Ost Mark, the eastern German currency, the inhabitants of Halle were faced with a new and harsh reality: its industry was uncompetitive.

Without huge restructuring, investment, and privatisation, this region of Saxony-Anhalt would never be able to compete either on the domestic or the world markets. These are some of the challenges facing the 300,000 strong population of this city, the birthplace of George Friedrich Handel.

To meet this challenge, the Treuhand, the agency charged with privatising and restructuring eastern German industry, placed almost the entire industrial network of Halle and its environs under its control. It brought in western German managers to introduce new accounting methods in the enterprises, reduce inefficiency, and above all, prepare the manufacturing, brown coal, and chemicals sectors for privatisation. There is hardly an inhabitant of Halle who has not been affected by these sweeping changes.

The most fundamental changes have occurred at the work place. Instead of employment for life, more than 124,000 people have lost their jobs. This does not include the 14,500 on short-time work, or the 46,100 on job creation schemes. In all, the total unemployment rate in Halle is 40 per cent of the labour force.

The virtual collapse of the industrial base, combined with high unemployment, has had a debilitating affect on the city's finances. Mr Klaus Rauen, the mayor of Halle, says the city is running a budget deficit of 70 per cent. The annual budget is DM1bn.

Halle will be reliant on financial transfers from Bonn for many years

"What would you expect?" he said in his office overlooking Halle's old, elegant, but neglected town square. "Without revenue from industry, and without people working, it will be a long time before we even approach the level of financing to similar-sized cities in western Germany."

Mr Rauen gives a poignant example. Bonn and Halle have the same size population. While the latter was, and is still dependent on industry, the economy of the former is fuelled by services. Thus, more than DM250m revenue from services is earned by Bonn's city council each year. In Halle, revenue from industry totals DM18m, and total tax revenue does not exceed DM65m. Narrowing the gap between expenditure and revenue is now one of the key tasks facing Halle's administration. The question is how.

There is no doubt, that, in common with the other cities and states in eastern Germany, Halle will be reliant on financial transfers from Bonn for many years to come. Annual transfers to the five eastern states total DM180bn gross. However, the future economic growth of Halle will depend on what happens to two key sectors: the chemical and brown coal industry.

These two sectors are located less than half-an-hour's drive from Halle.

To the north-east lies Bitterfeld, home to Germany's chemical industry before the second world war and one of the first big manufacturing centres of Germany's own industrial revolution of the late nineteenth century. After 1945 the Allies broke up the huge industrial conglomerates led by, among others, IG Fraben and Bayer. After 1949 the entire region, in common with other parts of the east German economy, was placed under state control.

Until 1990, the regime was more intent on extensive development, determined to become the main industrial country in Comecon, the former socialist trading bloc. But the price was heavy. The industry proved to be uncompetitive after unification. And environmental standards were ignored, leading to soil pollution on such a scale that more than a third of Bitterfeld's chemical sites are unlikely to be fit for use again.

The Treuhand and west German investors are now slowly turning Bitterfeld around. It will take several years. But Mr Klaus Schucht, head of chemicals and mining at the Treuhand, and one of the most energetic officials working to open up the region to competition, has no doubt that Bitterfeld will have potential in one important aspect: by attracting through generous investment grants and tax holidays, companies such as Bayer, the pharmaceuticals and chemcial manufacturers, and others, will create a competitive industrial base.

After all, these green-field sites will bring with them very high technological standards. But green field sites and high technology do not create many jobs. "That is true," says Mr Schucht. "But you must remember that these new, capital intensive industries, coupled with research and development, have to be serviced, and it will be attractive for other investors."

Signs of a services sector are already emerging in Halle itself. These consist of *handwerken* – small work shops employing fewer than 10 people, which specialise in anything ranging from car and house repairs, to computer programming and engineering.

Mr Michael Wilkens, head of Deutsche Bank in Halle says that these work shops, together with the *mittelstand*, the small and medium sized industries which formed the backbone of western Germany's post-war growth, are sprouting up. But he recognises the need for an industrial base, however small, to act as a magnate for the *mittelstand*.

Apart from the future development of Bitterfeld, Halle's economy will also depend on the *Mitteldeutsche Braunkohle*, or Mibrag, the giant lignite fields which straddle Saxony-Anhalt. An Anglo-American consortium led by Britain's PowerGen, NRG of Minneapolis, and Morrison Knudsen of Idaho are set to sign contract later this month to buy Mibrag. Although Mibrag's pre-1989 work force of over 50,000 has been reduced to under 10,000, the consortium is committed to turning the mines round.

Certainly these two sectors alone will not revitalise Halle's entire economy. Construction and services are already playing a key role, as any visitor to Halle will testify – it is hard to avoid the bulldozers and the scaffolding. But together, all three sectors will eventually generate tax revenue. The budget deficit will remain. But at least it might narrow over time.

Judy Dempsey

Halle seeks to be self-sustaining

Drive for investment

AMONG the more pessimistic economists on eastern Germany, there is a school of thought which argues that the five new eastern states will be relegated to the status of *Mezzogiorno*.

That is, their economies will be akin to southern Italy, or indeed the southern republics of the former Yugoslavia, devoid of an indigenous economic and industrial base, and completely dependent on the richer north to subsidise and sustain them. If this theory is applied to Halle in particular, or eastern Germany as a whole, then the conclusion is that there is no prospect of the region moving towards a self-sustaining economy.

Don't tell that to the people of Halle.

Not only because they would be deeply offended – and depressed. It is difficult enough, coming to terms with high unemployment. But they would point out that the *Mezzogiorno* theory should not have, and cannot have, any credibility in a region of eastern Germany so traditionally strong in finance, commerce, and the arts. A walk around the city explains why.

Starting from Marktplatz, the city's old town square, you see fine, elegant town houses built in the 19th century, which were homes to the city's former business community. That community, specialising in industry, developed a local banking and trading system which used the Rathaus or city hall, to lobby their interests.

Old Halle: Handel's birthplace

Walk across the town square and you will see the Rathaus – just about. It is currently decked with scaffolding, undergoing a much-needed refurbishment. Go past the Rathaus and ramble down towards Number 5, George-Schumann-Platz. There you will come across the *Industrie und Handelskammer*, or IHK, the co-ordinating body for trade and commerce which has branches all over Germany.

Halle's own IHK branch was originally established on this site more than a century ago. History interrupted its work. After the second world war, the local communist party used the IHK as its headquarters – despite the interior design, whose fine woodwork, engravings, and imperial emblems contrasted sharply with the party's hammer and sickle.

Three years after unification, the IHK has regained its rightful place. It is now a thriving centre, set on promoting the city as a *Standort*, or location, for investment.

"Halle. Der Standort", may seem an ambitious slogan for the city's drive to attract investment. But then, apart from its old industrial base, it is easy to forget that one of the keys to western Germany's post-war economic success was the way in which the government forged close links between research institutes, universities and enterprises.

These links, which earlier had helped forge Germany's own industrial revolution in the 1890s, were used for ideological purposes by the former eastern German communist regime.

But once again they are playing a greater role in training a younger generation for the market economy. Mr Klaus Rauen, the mayor, is determined to link local industry with the centres of higher education.

At his disposal he has the Martin-Luther University, the respected School for Art and Design at Giebichenstein, the Environment Research Centre, and the Institute for Economic Forecasting, one of the six economic think-tanks which advises Chancellor Helmut Kohl.

But Halle is now only about commerce and the drive to restore its economy. Unbelievably for a city of 300,000 inhabitants, it has an opera house, four theatres, one concert hall, six museums, the great Gallery Moritzburg and a respected orchestra.

You won't be bored in Halle. But there are two warnings. At rush hour, avoid driving into Halle on the motorway from Leipzig. The congestion is horrific. And, to avoid upsetting your hosts, don't ask if Halle is akin to the *Mezzogiorno*. The people of Halle have a long memory, and a 1,000 year-old history.

Judy Dempsey

Klaus Rauen, mayor of Halle

Persistent and determined

LIFE would have been much simpler and easier for Mr Klaus Rauen if he had stayed in Bonn. But Mr Rauen, the former Christian Democratic Union mayor of Germany's seat of government, is a restless man who rises to challenges.

German unification provided the perfect opportunity. "I wanted to contribute to this great event. I felt that by becoming mayor in Halle, I could really help to do something."

He took up office in the city's Rathaus in May 1991. But instead of the normal eight-hour day he was accustomed to in Bonn, Mr Rauen now works at least 12 hours.

His time is divided between reforming the local administration, meeting foreign investors, opening new enterprises, visiting schools, and above all, helping to restore the self-confidence of Halle's community.

Mr Rauen, who is 57 years old, believes the self-esteem of the eastern Germans has been shattered largely because of what happened after German unification. "People here feel ashamed in the sense that they feel that everything they had worked for over the past 40 years under the former communist regime was a complete waste of time," he says. "They feel disorientated because they feel they were living in a system which had lost any respect. We must restore that self-confidence."

One of the ways Mr Rauen has set about this is by trying to restore parts of the old city. Unlike other cities in eastern Germany, Halle was not seriously damaged during the second world war. Its elegant central square is still intact. But its elegance has been impaired by dull, concrete buildings put up by the former communist administration.

"There was no need to put these buildings up around the square. But I feel that the former regime wanted to destroy memory, or a kind of historical consciousness. I want to help restore the best of Halle's past," explains Mr Rauen. The fact that George Friedrich Handel, the composer, was born in the city, has helped. But one name is hardly enough to compensate for 40 years which led to the complete neglect of the infrastructure. Nor is it enough to shake up the local administration so as to attract west German and foreign investment which could help revitalise and renovate the city.

Mr Rauen has the misfortune to be saddled with the old communist local council constitution.

This means that he cannot dismiss certain senior officials, even though they may be incompetent. One particular official is in charge of settling property disputes. The current law states that all owners of property confiscated by the Nazis between 1933 and 1945, and by the communists between 1949 and 1990, are allowed either restitution or compensation.

"We have been so slow in resolving these disputes," explains Mr Rauen. "In fact, Halle is one of the slowest in eastern Germany. We have settled only 6 per cent of all cases." He says the city's solicitor is partly to blame. "He just looks for problems, rather than solutions," he adds.

The upshot is that the 11,000 old delapidated houses and apartments in the centre of the city are still the subject of property disputes. The longer they take to resolve, the greater cost for repair. And investors will stay away...

Another problem facing Mr Rauen is the size of the local administration. In common with all city councils in eastern Germany, he inherited a bloated bureaucracy of 13,000. He wants to pare it down bo 4,000 by the end of the year. After that, by law, the staff at the city hall will have tenure.

Pushing through cut-backs might be blocked by Halle's coalition, in which the social democrats, the PDS, the former communists, and the Greens hold the majority, while the CDU holds 30 per cent of the council seats.

But Mr Rauen is a persistent man. "We have to turn round the city and make it more efficient. It's the price we have to pay for the past four decades."

Judy Dempsey

Karlsruhe scientists have a long tradition of co-operation with industry

The velocipede started it

KARLSRUHE'S reputation as a technology centre dates back to 1815 when one Baron Karl Friedrich Freiherr von Drais invented the velocipede, the forerunner of the bicycle.

It spoils the story only slightly to know that the baron subsequently moved to Mannheim – it was there, rather than in Karlsruhe, that he patented his invention and began industrial production.

Other 19th century inventors include the machine-builder Emil Kessler who started making locomotives in Karlsruhe in 1842, and Heinrich Hertz who discovered magnetic waves in the town in 1888.

Coupled with the foundation of the Polytechnical School in 1825 – the forerunner of the Technical University and today's Fridericiana University – this points to a long tradition of co-operation between Karlsruhe scientists and industry.

This tradition is alive today in a city which boasts where 10,000 scientists work – more per head of the population than any other part of Germany. There are three Fraunhofer institutes which specialise in the scientific research which has a practical industrial application.

The Fridericiana University has close links with industry – especially via the Computer Sciences Research Centre, which works with companies such as IBM and Nixdorf in developing information technology.

There is also the Technology Factory, an institution founded in the early 1980s at the initiative of Mr Lothar Späth, the then president of the state of Baden-Württemberg.

He came back from visit to Silicon Valley in California inspired by the idea to set up a co-called "innovation centre" which would promote technology-oriented start-ups and help replace jobs lost in more traditional manufacturing industry. Housed in a former sewing-machine factory, the Technologie Fabrik is now the largest institution of its kind in Germany.

Founded with the help of DM14m in state funds, the Technologie Fabrik now houses 40 firms and six institutes, which collectively employ between 600 and 800. Entrepreneurs present their business plan to the Factory's administrators. If the plan is accepted, the fledgling company can stay for a maximum of five years, starting on a peppercorn rent which increases over the course of the tenancy.

The Factory's administration provides secretarial and other support services to the tenants, and advice on how to raise finance.

Since the centre was founded, a handful of tenants have gone bankrupt, but the survivors far out-number the normal 70 per cent success rate for start-ups in Germany. In total, 1,400 jobs have been created since the factory was founded: an appreciable contribution to Karlsruhe's workforce of 180,000.

The biggest existing tenant is a company called INIT, which has 70 employees specialising in communications equipment for the transport sector.

Of the 30 tenants which have moved out, the most successful is probably Pipetronix, a company which devised electronic equipment for identifying faults within pipelines. The company now employs 250 people and was sold in February 1992 to Preussag, the Hanover-based conglomerate.

Pipetronix also benefited from co-operation with the Kernforschungszentrum Karlsruhe. Literally translated, this is the Nuclear Research Centre, but it does not limit itself to nuclear research: it has developed expertise in environmental technology, information technology, microsystems technology and cellular and molecular biology.

Dr Jürgen Wüst, head of the centre's Technology Transfer Co-ordination Office, explains that the centre plays an active role in seeking industrial applications which emerge from these research areas. "We market ourselves aggressively," Dr Wüst says, "concentrating on licensing and patenting what we discover here."

One such patent was the sensor which is at the core of Pipetronix's pipeline equipment. The centre has 320 licensing arrangements and is working on 70 formal projects in co-operation with industry; since it was founded in 1956 it has worked with 5,000 different industrial companies.

Karlsruhe is confident that its historical connection with technology will guarantee its future. As a measure of its confidence in the future, the city will start to build a 30 hectare technology park early next year and the technology factory is set to be enlarged by a further 8000m squared.

David Waller

Erratic session in leaderless market

By Terry Byland,
UK Stock Market Editor

IN THE absence of a reliable lead from the US and Japan, the London stock market was left to react to domestic factors yesterday, with a handful of company features providing such highspots as there were. The announcement of a UK visible trade deficit of £1.55bn in July was certainly a disappointment to the stock market but with currency markets sluggish, share prices rallied from their initial fall. Domestic producer statistics for September were regarded as mildly favourable. London was helped by a firm stock market in Germany, which has been seen as a competitor with the UK for US fund investment.

The session started well, with the Footsie 8.5 ahead to a new trading peak within the first half hour of trading as shares extended the gains scored late on Friday.

The UK weekend newspapers had drawn attention to the pressure of demand for shares in European markets from the US mutual funds. However, the stock market has already taken this information on board and was inclined yesterday to wait for a return to full trading in New York before drawing any fresh conclusions.

The early advance was halted and then reversed when stock index futures ran into sellers. The equity market slipped away and the Footsie 3,000 mark was briefly lost at mid-session as London contemplated the prospect of a Wall Street market trading while the Federal bond market, together with the banks, was closed for Columbus Day.

The only saving grace of the London market was the extremely slow pace of equity trading, particularly in the first half of the session. Seaq volume was still under 300m shares in early afternoon.

Sentiment picked up later and business also improved as the Footsie 3,000 proved a recovery platform. By the close, the FT-SE Index had rallied to 3,102.2, a net 6.4 points off on the day.

The slow pace of the stock market showed itself most in a lacklustre performance from the blue chip stocks. Second line stocks continued to trade more hopefully, the FT-SE Mid 250 Index, at 3,482.2, gaining 4.2 points.

Seaq volume finally looked almost respectable at 444.3m shares against Friday's 477.4m for a retail worth of £1.03bn. Non-Footsie business made up around 63 per cent of yesterday's Seaq total.

UK equity strategists sounded marginally satisfied with the stock market's ability to hold on to the Footsie 3,000 level on the first day of a week heavily featured by data on the domestic economy. In particular, there are some doubts ahead of the Retail price index (RPI), due tomorrow, which will follow two somewhat disappointing sets of monthly RPI data.

The market was led yesterday by utility stocks, still attractive on yield considerations. Bank and property stocks, both seen as sectors likely to benefit quickly from the one further reduction in base rates still expected in this cycle, were also well supported.

With the third quarter corporate reporting season now virtually over, it was left to Lucas Industries to please the market with its dividend and trading statement. However, the disclosure that Eurotunnel will have to call for at least another £500m from its shareholders was no help to investor sentiment.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group†	14,000	57½	-½	Dalgety	182	482	-4	MB Caradon†	1,000	338		Siebe†	182	533	-2
Abbey National†	2,000	425	-6	De La Rue	919	665	+3	MEPC†	2,200	519	+9	Slough Ests	1,500	208	-1
Albert Fisher	2,000	78	+1	Dixons	528	270	-4	MFI	821	145	+1	Smith (W.H.) A	528	482	+3
Allied-Lyons†	742	572	-5	Eastern Elect.	182	589	+9	Manweb	118	634	+14	Smith & Nephew†	1,000	140½	
Anglian Water†	440	541	+1	East Midland Elect.	298	570	+8	Marks & Spencer†	2,600	405	+3	SmKl Beecham†	2,200	412	-6
Argos	498	348	-7	Eng China Clays	354	410	-7	Midlands Elect.	419	593	+7	SmKl Beecham Units†	4,700	367	-3
Argyll Group†	2,800	305	-3½	Enterprise Oil†	882	460	-8	Morrison (Wm.)	363	107	-1	Smiths Inds.	113	370	-3½
Arjo Wiggins†	385	227	-2	Eurotunnel Units	403	496	-6	NFC†	1,200	270	-4	Southern Elect.	626	598	+7
Assoc. Brit. Foods†	20	495	-1	FKI	726	169½	-1½	NatWest Bank†	6,100	549	+8	South Wales Elect.	148	534	+9
Ass. Brit. Ports	182	482		Fisons	1,900	166	+½	National Power†	1,700	409	+4	South West Water	281	561	
BAA†	788	878	+1	Foreign & Col. I.T.	228	254½		Next	671	182	-2	South West. Elect.	25	566	+10
BAT Inds.†	2,000	485	-1	Forte†	1,800	226	+1	North West Water†	1,600	530	-1	Southern Water	203	570	+2
[illegible]				[illegible]				[illegible]				[illegible]			
British Steel†	4,200	128½		Kingfisher†	526	580	-4	Ryl Bk Scotland†	1,500	345		Warburg (SG)†	713	848	+6
Burd	432	151	+1	Kwik Save	422	684	-1	Royal Insurance†	388	319	-3	Wellcome†	1,100	728	+5
Burmah Castrol†	191	787	-3	Ladbroke†	10,000	182	+4	Sainsbury†	1,800	437	+½	Welsh Water	33	637	+2
Burton	1,100	77½		Land Securities†	1,400	714	+11	Schroders†	10	1280	-8	Wessex Water	37	652	+1
Cable & Wire†	1,800	893	-6	Laporte	65	686	+9	Scottish & New.†	798	485	-1	Whitbread 'A'†	136	521	-2
Cadbury Schweppes†	917	481	-3	Legal & General†	1,000	527	+5	Scot. Hydro-Elect.	590	397	+1	Williams Hldgs.†	66	332½	-½
Caller Group	34	283		Lloyds Abbey	215	453		Scottish Power†	1,200	394	+4	Willis Corroon	538	204	-1
Carlton Comms.†	580	754	-3	Lloyds Bank†	2,800	570	+10	Sears†	397	115	-1	Wimpey	52	170	-5
Coats Viyella†	2,100	274	-1	LASMO	1,400	139	-1	Sedgwick	599	170	+2	Wolseley†	284	882	-10
Comm. Union†	510	640		London Elect.	543	593	+12	Seeboard	370	537	+4	Yorkshire Elect.	70	619	+10
Cookson	611	209	+1	Lonrho	869	117	-4	Severn Trent Water†	180	551		Yorkshire Water	180	572	+8
Courtaulds†	353	485½	-1	Lucas	10,000	167	+12	Shell Transport†	491	682	-2	Zeneca†	3,200	765	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

Account Dealing Dates

*First Dealings:		
Oct 4	Oct 18	Nov 1
Option Declarations:		
Oct 14	Oct 28	Nov 11
Last Dealings:		
Oct 15	Oct 29	Nov 12
Account Day:		
Oct 25	Nov 8	Nov 22

*New time dealings may take place from two business days earlier.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3102.2 -6.4	3482.2 +4.9	1535.37 -1.60

	Oct 11	Day's change %	Oct 8	Oct 7	Oct 6	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3102.2	-0.2	3108.6	3092.4	3100.8	2557.2	3.78	5.54	22.41	81.80	1129.24
FT-SE Mid 250	3482.2	+0.1	3477.3	3470.6	3471.6	2403.0	3.51	5.76	21.12	79.74	1256.27
FT-SE Mid 250 ex Inv Trusts	3490.5	+0.1	3486.0	3479.4	3478.8	2410.0	3.61	6.17	19.88	87.78	1253.89
FT-SE-A 350	1549.7	-0.1	1551.8	1544.7	1548.0	1230.4	3.72	5.59	22.10	39.65	1155.33
FT-SE SmallCap	1786.77	+0.2	1782.36	1780.56	1779.51	-	3.09	3.86	35.61	35.75	1347.47
FT-SE SmallCap ex Inv Trusts	1778.53	+0.2	1775.02	1773.80	1771.84	-	3.26	4.27	33.22	37.49	1342.88
FT-A ALL-SHARE	1535.37	-0.1	1536.97	1530.42	1533.47	1207.77	3.88	5.48	22.65	38.75	1165.00
1 CAPITAL GOODS(215)	1079.30	-0.3	1082.98	1078.61	1082.47	742.61	3.79	3.92	33.47	28.83	1278.53
2 Building Materials(28)	1197.00	-0.5	1203.66	1198.16	1205.37	672.42	3.82	2.88	50.51	31.98	1398.84
3 Contracting, Construction(29)	1048.32	-0.4	1052.33	1053.67	1055.09	581.07	3.07	1.30	80.00†	22.33	1461.65
4 Electricals(15)	3124.25	-0.3	3134.98	3140.93	3145.40	2052.58	4.33	3.35	36.79	85.27	1268.67
5 Electronics(39)	2968.75	-0.9	2994.64	2985.47	3006.72	2080.24	2.84	5.61	21.79	65.19	1301.11
6 Engineering-Aerospace(7)	440.26	.....	440.44	436.74	439.01	383.47	3.31	‡	‡	9.71	1533.92
[illegible]											

Lucas advance on results

AUTOMOTIVE and aerospace components group Lucas Industries cheered an otherwise dull market after it reported bumper profits at the top end of most analysts forecasts, and maintained the dividend.

The group posted profits of £50.3m against £22.5m a year earlier, when the range of forecasts in the market was £40m-£56m. Lucas maintained the full-year dividend at 7p, with many researchers predicting a reduction, the more pessimistic even expecting it to be halved.

The shares leapt forward in heavy demand for the stock and closed 12 ahead at 167p, on good volume of 10m. The equivalent of 1.3m shares was also dealt in the traded options market.

However, dealers said the failure of the group to name a new chief executive, as had been expected, prevented a stronger advance in the shares, and profit-taking was also seen just ahead of the market close which brought the stock from the day's high.

Many analysts upgraded profit expectations for the current year, moving the range of forecasts from £60-£80m to £90-£100m.

Mr Robert Speed, at Henderson Crosthwaite, a long-time bull of the stock, is maintaining his forecast for the current year at £100m. Explaining the day's performance of the stock, he said: "Today's share price movement reflects final recognition that Lucas has got to grips with tackling its cost base. It can now make gains in spite of difficulties in the underlying market conditions for aerospace and motor components."

Eurotunnel tremor

Shares in Channel tunnel operator Eurotunnel closed 6 off at 488p, having been lower, after it cut revenue forecasts and disclosed that it would need further funding before the Tunnel's official opening next May.

The revenue forecast for 1994 was cut by £44.5m to £224.1m and the group plans to raise at least £500m in fresh equity next year. UBS was said to have reiterated its "sell" advise to investors, while other brokers also remain cautious. However, much of the dealing in the stock takes place in Paris where it is also quoted and volume in London remained light.

Hamlet opens firmly

The stock market debut of Hamlet, the clothes importer supplying the retail trade, was marked by a strong performance from the shares.

They opened at 140p - 10p premium to the issue price of 130p and traded firmly with volume reaching 5m.

Hamlet, which supplies low-ticket items to almost all the main clothing retailers except Marks and Spencer, had been expected to make a substantial mark on its first day of share trading. But the high turnover surprised at least one analyst who said the volume had been expected to be nearer 2¼ to 3m.

Much of the activity was attributed to large institutions securing positions in the stock and trading was steady throughout the day. A little profit-taking knocked some of the shine off the price and the shares closed at 139p.

Property shares again showed good gains following recent bullish broker comments and positive weekend press coverage. The leading stocks again recorded healthy advances, with Friday's James Capel recommendation still echoing in investors' ears, and second liners also caught the upbeat mood. Among the former, British Land rose 10 to 423p, Land Securities, busy in the options market, 11 to 714p and MEPC 9 to 519p. Elsewhere, Town Centre advanced 5 to 133p, Asda Properties 5 to 120p, Chesterfield 7 to 523p and Dencora 7 to 164p.

Investor enthusiasm for water and electricity utility shares showed no signs of waning, both sectors surging on yield considerations. Among the Recs, London climbed 12 to 593p, Yorkshire 10 to 619p and South Wales 9 to 534p. Selected water stocks advancing included, Thames, up 8 at 563p and Yorkshire 8 to 572p.

Boots responded to continued talk that its results early next month would herald announcements over either a restructuring at its Do It All business and or the merging of its drugs division. Gossip at the end of last week linked the latter concern to Fisons, the pharmacuetical group, with suggestions that the two could link-up there non-ethical drug businesses. Boots shares, with UBS also said to be positive, gained 5 to 494p. Fisons edged forward a half-penny to 166p.

Reports that US executives of leading brand name companies were buying their own stock led some optimistic dealers to decide that the war on brands was over. However, this failed to affect the UK's leading brand producers, with Unilever off 2 at 1050p and Tate and Lyle 6 at 370p. Hillsdown Holdings, up 8 at 167p, was said to be responding to a BZW "buy" note.

Speculation that construction projects may be a target for the UK government's plans to cut public spending wiped value off some building stocks. But with share trading volumes generally low, industry analysts thought the market was treating the stories cautiously rather than seriously.

RMC lost 5 to 818p and Redland gave up 6 to 536p. Redland may also be weaker as the date for a placing of scrip dividend shares, expected in three to four weeks, moves closer.

In banks, Lloyds, left behind in recent sessions found admirers and ended the day 10 up at 570p. A broker's recommendation at the end of last week along with weekend press reports of rationalisation plans boosted National Westminster and the shares gained 8 to 549p.

Talk of a negative broker's note saw TSB run back 3¼ to 220p.

Some rebalancing of positions in SmithKline Beecham after the confirmation last week that it was to retain FT-SE 100 status was cited as the reason for much of the activity in the stock.

The A shares fell 6 to 412p while the units fell 3 to 367p in substantial trading. Interest in SmithKline will be largely pegged to next week's anti-infective conference in New Orleans as will that in Wellcome which made a gain of 5 to close at 728p.

The conference is expected to hear new results that will mark out the competitive position of the two companies who are both very active in anti-viral drugs.

However, one analyst said that similar interest ahead of a recent conference in Copenhagen had proved to be largely misplaced and the event had turned out to have little impact.

Trafalgar House shed 4 to 103p, with SG Warburg said to cautious on the stock. Weekend reports of board room changes at the group were also said to have weakened sentiment.

Uncertainity about board room changes at international trading group Lonrho undermined the shares and they declined 4 to 117p.

Bargain hunters thought to be from the US, together with renewed bid talk, saw shares in Tiphook, the troubled container leasing group, advance 15 to 138p.

Automated Security, whose joint broker BZW resigned on Friday after it issued a profits warning, attempted a rally but finished just a penny ahead at 103p. Westland Group also firmed a penny to 224p, following news of a £250m contract for one of its subsidiaries.

Oil discoveries in the Gulf of Mexico and further acquisition of land in Texas for exploration pushed up the shares of British Borneo. The stock climbed 6 to 203p in the face of a downward trend afflicting most of the oil sector. Burmah lost 3 to close at 767p; Shell gave up 2 at 682p and BP ended a half-penny down at 322½p.

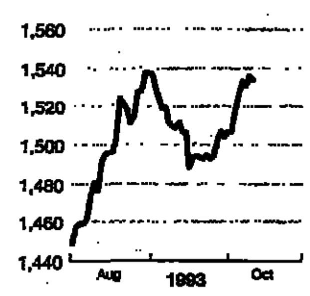
Theme park operator Euro Disney slumped 35 to 610p as reports from Paris suggested that a leading French broker had turned negative, prompting old worries over the need for a bumper rights issue.

Ladbroke, still embroiled with claims and counter-claims with a Sunday newspaper over the company's debts, recovered 4 to 182p in heavy turnover of 9m. Dealers said that positive comments from Hoare Govett and house broker Smith New Court had garnered some support.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

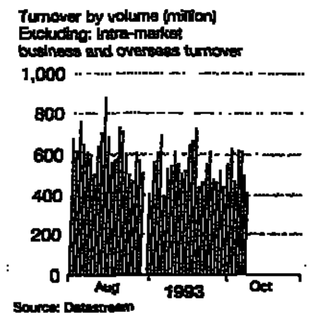
■ Other statistics, Page 21.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business and overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (225).
BRITISH FUNDS (4) OTHER FIXED INTEREST (2) AMERICANS (1) Loew's, BANKS (7) Bk. Ireland, Bk. Scotland, Barclays, Deutsche, Natl. Australia, Natl. Westminster, Standard Chrtd., BREWERS (3) Gibbs Mew, Grosvenor, Matthew Clark, BLDG MATLS (4) Grafton, Heywood Williams, MB Caradon, SWP, BUSINESS SERVS (8) BNB, Coutts, Dart, Hays, Hutchison Whampoa, Serco, CHEMS (8) Akzo, BASF, Bayer, Hoechst, Schering, CONTG & CONSTRCN (8) Ashtead, Hewden-Stuart, Lon. & Clydeside, Severfield-Reeve, Sheriff, Vibroplant, ELECTRICALS (3) ASEA B, Arlen, Chloride, Critchley, Thorpe (FW), ELECTRICITY (14) China Light, East Midlands, Eastern, London, Manweb, Natl. Power, Northern, Norweb, PowerGen, Seeboard, South Wales, South Western, Southern, Yorks., ELECTRONICS (8) Eurotherm, Kalamazoo, Macro 4, Pegasus, Phonelink, Tunstall, ENG GEN (4) Fenner, Kvaerner, Quadramatic, Renold, FOOD MANUF (1) Katuzi, HEALTH & HSEHOLD (4) Amersham, IWP, Mayborn, Proteus, HOTELS & LEIS (2) Airtours, Barr & WAT A, INSCE BROKERS (2) Archer (A.J), Oriel, INSCE COMPOSITE (4) Allianz, Domestic & Gen., GRE, Trade Indemnity, INSCE LIFE (2) Legal & General, Prudential, INV TRUSTS (76) MEDIA (7) Dorling Kindersley, Elsevier, Flextech, HTV, Sleepy Kids, Storm, VTR, MERCHANT BANKS (3) Close Bros, Warburg, Wintrust, MTL & MTL FORMING (3) Cook (Wm), Glynwed, Thyssen, MISC (8) Black (P), Gt. Southern, Spandex, MOTORS (3) ERF, First Tech., Lucas, OIL & GAS (3) Brit Borneo, Norsk Hydro, Total B, OTHER FINCL (5) Caser Allen, Gerrard & Natl., Mercury Asset Mngmt., St James Pl., Swire Pacific, OTHER INDLS (2) Bruntcliffe Aggrts., Charter, PACKG, PAPER & PRNTG (3) Bunzl, Delyn, Hunters Armley, PROP (20) STORES (7) Asprey, Blacks Leis., Brown (N), Courts, Marks & Spencer, Moss Bros., Tie Rack, TELE NETWORKS (2) BT, Security Servs., TEXTS (1) Sherl, TRANSPORT (4) Brit. Airways, Cathay Pacific, P & O 5½pc Pf., Stagecoach, MINES (5) Anglogasia, Blyvoor, Western Areas.
NEW LOWS (12).
BRITISH FUNDS (3) Treas. 13¾pc '93, Exch. 13½pc '94, Treas. 12pc '95, ELECTRONICS (1) Micro Focus, ENG GEN (1) WB Inds., HEALTH & HSEHOLD (1) Healthcare, INSCE BROKERS (1) Hogg, MEDIA (1) Birkdale, MISC (1) Photo-Me, OIL & GAS (1) Triton Europe, OTHER FINCL (1) Policy Portfolio, PACKG, PAPER & PRNTG (1) Lawson Mardon.

FINANCIAL TIMES EQUITY INDICES

	Oct 11	Oct 8	Oct 7	Oct 6	Oct 5	Year ago	*High	*Low
Ordinary share	2358.7	2359.1	2350.4	2355.4	2345.8	1878.8	2414.2	2124.7
Ord. div. yield	3.86	3.85	3.97	3.97	3.98	4.78	4.52	3.82
Earning yld % full	4.59	4.64	4.67	4.67	4.68	6.80	6.38	4.51
P/E ratio net	27.46	27.51	27.35	27.37	27.30	18.67	28.30	19.40
P/E ratio nil	25.32	25.36	25.21	25.25	25.19	17.36	28.14	18.14
Gold Mines	211.2	203.7	197.9	182.4	182.6	77.7	248.2	80.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2358.3	2366.7	2366.4	2360.0	2359.9	2357.9	2358.1	2360.8	2357.5	2368.2	2358.2

Volume	Oct 11	Oct 8	Oct 7	Oct 6	Oct 5	Year ago
SEAQ Bargains	31,544	29,311	30,211	32,315	31,429	17,739
Equity Turnover(£m)†	-	1030.7	1314.1	1581.9	1333.7	625.4
Equity Bargains†	-	34,018	34,251	36,254	35,092	20,026
Shares traded (mil)†	-	415.6	504.4	621.4	628.5	298.1

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

WITH most New York markets closed for Columbus Day, derivatives were left firing on very few cylinders as the market missed the driving force of US buying, Christine Buckley writes.

As the influx of US money has formed such an important part of recent trading for FT-SE 100 futures, the December contract yesterday found itself with few friends. Largely deserted by domestic institutional investors, it opened shakily and fell victim to a period of mid-morning selling.

But, considering the small volume, the downward movement was felt to be more of a drift than a positive judgment on the value of the contract.

The UK's trade deficit figures had some impact on market sentiment but the slide was well under way by the time of their publication.

December traded within a 25 point range with its day's high at 3,145 and the low at 3,120, with the latter mark emerging as a support level.

At the close, the contract was 3,128 – 7 points ahead of the fair value premium to the cash market, although much of the day's trading had been on a par with fair value.

Activity in traded options was moderate and at 29,658 lots was only slightly down on the previous session's levels. The heaviest traded of the stock options was Land Securities – a reflection of the positive sentiment moving through the cash market for property stocks.

LONDON SHARE SERVICE

BRITISH FUNDS

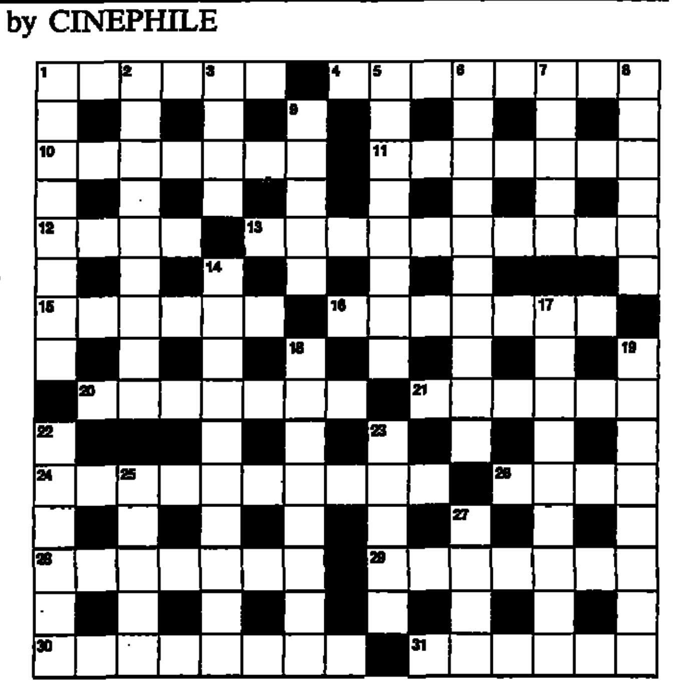
Notes	Price £	+ or -	1993 high	1993 low	Yield
"Shorts" (Lives up to Five Years)					
Treas 13¼pc 1993‡‡	100⅛	-⅛	106⅛	100⅛	[illegible]
8½pc 1994	100⅞	----	102⅛	100⅞	[illegible]
14½pc 1994‡‡	103⅛	----	109¼	103⅛	[illegible]
Exch 13½pc 1994	104⅞xd	-⅛	109⅞	104⅞	[illegible]
Treas. 10pc Ln. 1994‡‡	102⅞	----	105⅛	102⅞	[illegible]
Exch 12½pc 1994	105⅞	----	110⅞	105⅞	[illegible]
Treas 9pc 1994‡‡	103⅛xd	+⅛	105⅛	103⅛	[illegible]
12pc 1995	107⅞	-⅛	111⅛	107⅞	[illegible]
Exch 3pc Gas 90-95	97¼xd	----	97¾	94	[illegible]
10¼pc 1995	107⅛	----	108⅞	107⅛	[illegible]
Treas 12¾pc 1995‡‡	113⅛xd	+⅛	116⅞	113½	[illegible]
14pc 1996	117⅛	----	120⅞	117⅛	[illegible]
15¼pc 1996‡‡	121⅛xd	+⅛	125⅞	121⅝	[illegible]
Exch 13¼pc 1996‡‡	117⅛xd	+⅛	120⅛	115¼	[illegible]
Conversion 10pc 1996	110⅛xd	+⅛	111½	106⅞	[illegible]
Treas 13¼pc 1997‡‡	120½	----	122⅛	118½	[illegible]
Exch 10½pc 1997	112⅞	----	113⅞	110⅛	[illegible]
Treas 8¾pc 1997‡‡	108⅞	----	109	105½	[illegible]
Exch 15pc 1997	130¼xd	----	132⅛	127⅛	[illegible]
9¾pc 1998	112⅛	----	112⅛	109⅞	[illegible]
Treas 7¼pc 1998‡‡	103⅛xd	+⅛	103⅞	99⅛	[illegible]
7¼pc 1998 B‡‡	103¼	+⅛	103⅞	101⅛	[illegible]
Treas 6¾pc 1995-98‡‡	101⅛xd	----	101¼	97⅛	[illegible]
14pc '98-1	128⅝	-⅛	129½	125⅛	[illegible]
Five to Fifteen Years					
Treas 15½pc '98‡‡	137⅞xd	----	138⅛	133⅛	[illegible]
Exch 12pc 1998	122⅛	----	123⅛	118⅞	[illegible]
Treas 9½pc 1999‡‡	113⅛	----	113½	108⅞	[illegible]
Exch 12¼pc 1999	128	+⅛	125⅞	120⅛	9.80 / 6.72
Treas 10½pc 1999	117⅞	-⅛	118⅞	112⅛	8.91 / 6.62
Conversion 10¼pc 1999	117⅛	----	118⅛	112⅞	8.70 / 6.65
9pc 2000‡‡	112⅞	----	113	106	8.00 / 6.56
Treas 13pc 2000	132⅞	-⅛	133⅛	125½	9.81 / 6.88
10pc 2001	118	-⅛	118⅝	109⅛	8.47 / 6.84
7pc '01 ‡‡	101⅛	+40⅞	101⅛	97⅛	6.89 / 6.68
9¾pc 2002	118⅝	-⅛	119⅞	108⅝	8.24 / 6.92
8pc 2003‡‡	108⅛	-⅛	108⅛	97⅞	7.40 / 6.82
8pc 2003 A‡‡	108⅛	-⅛	108⅛	102⅝	7.40 / 6.83

[illegible]

CROSSWORD

No.8,277 Set by CINEPHILE

PS has the same meaning wherever it occurs in the clues



ACROSS

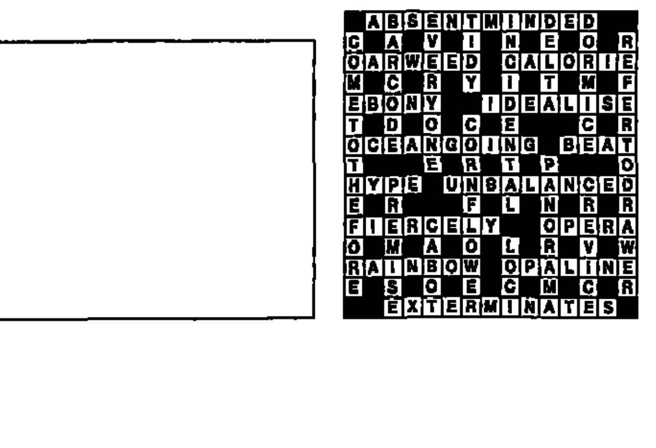
1 A second is a long time for the Canaanite leader (6)
4 PSs closely packed together? (8)
10 Short paragraph sufficient for short story? (7)
11 Former partner summoned to court is in suspense (7)
12 Two articles combine to form animus (4)
13 Though following my fellow I have a compulsion to fantasise (10)
15 Ignore changes of place (6)
16 Bone in the ear is close-knit (7)
20 PS of ephemeral desire (7)
21 Return bit of cloth to catch PS (6)
24 Poles (if opposed) are nice to look at (10)
26 Grass business? (4)
28 Stimulate current sort of bond (7)
29 PS suit for lozenge (7)
30 Reduce to ground level a first in English, removing upper decks (8)
31 Gates of PS for poor player (6)

DOWN

1 PS, a little rough in county (8)
2 Plan for PS with top layers? (9)
3 Difficulty with end of every PS (4)
5 PS for a setter – solver's way (8)
6 Think about a number of submicroscopic pathogens relating to the ten who revised Roman law (10)
7 Impossible either way? (3,2)
8 Iraqi with unfortunate parent (6)
9 Live rail left for PS (5)
14 Journey with mother by rail for PS (10)
17 Break of day, as it were, not of fast? (5,4)
18 Slipshod woman, second of two between poles (8)
19 Puts up aimlessly with foolishness (8)
22 PS, the snake in Jeremiah (6)
23 Escape from publicity during vigil (5)
25 Supreme extremes of PS (5)
27 PS for old nag (4)

JOTTER PAD

Solution 8,276



LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		17⅞xd	-⅛	20⅞	15⅝	14,332	2.7
Allegheny & W	♥	538¼p	-19	722p	399p	308.4	3.7
Amdahl		328p	-67	591p	294p	368.1	1.0
Amer Cyanamid		35⅞	-¼	38⅝	31¾	3,223	3.2
Amer Express		23xd	-⅜	25⅞	14⅞	11,068	2.9
Amer T & T		37⅝xd	-⅝	43⅝	33⅛	50,618	2.3
Ameritech		55¼	-⅛	58⅝	46	24,190	4.5
Anheuser-Busch		30⅛	-⅝	41¼	29⅞	8,338	3.2
BankAmerica		29⅛xd	—	38⅞	27⅛	18,354	3.2
Bankers NY		52⅝xd	-⅛	64⅝	42⅝	4,344	3.9
Bell Atlantic		39⅞	-⅛	42⅞	32¼	17,334	4.5
BellSouth		39	-⅛	41	32⅞	19,288	4.8
Bethlehem Steel	♥	9½xd	+⅛	13¾	8½	869.8	-
Bowater		1197pxd	-15	1682p	1189p	433.7	3.3
CPC		29¼xd	-⅛	34⅝	26	4,473	2.9
California Engy		1148p	-30	1479p	1086p	209.0	-
Chase Manhattan		24⅞xd	—	24⅞	17⅞	3,795	3.3
Chrysler		31⅞xd	-1⅛	32⅝	21⅛	9,169	1.3
Citicorp		24⅞xd	-⅛	25⅞	13⅞	9,070	-
Colgate-Palm		35⅜xd	-⅛	45⅝	32	5,688	2.7
Cont'l Bank		1727p	-1	1877p	1276p	1,745	2.3
Dana		38⅛xd	-⅜	38⅝	29⅞	1,747	2.8
Data General		662p	-28	951p	527p	179.9	-
Decora Inds	♥	101½p	—	146p	101½p	-	-
Dun & Brad		39⅞	-⅜	42⅞	37⅛	7,110	4.1
Eaton		32⅞	—	34	25⅞	2,287	2.4
Echlin		19⅞xd	-⅛	21⅞	15⅛	1,132	2.4
FPL		25⅞xd	—	27⅝	23¼	4,698	6.4
Ford Motor		36⅞xd	-⅛	37⅞	28⅞	17,803	2.9
Gen Elect		62⅞xd	-⅛	67⅞	53⅞	53,324	2.7
General Host	♥	481½p	-11	723p	456p	-	4.7
Gillette		37⅞xd	-⅛	42⅝	31⅞	8,334	1.5
Hasbro		20⅞	—	20⅞	20⅞	1,819	0.8
Honeywell		23¼xd	-⅛	28⅛	20⅞	4,924	2.5
Houston Inds		29⅞	-⅛	33¼	28¼	3,869	6.7
Ingersoll-Rand		24xd	-⅛	25⅞	19⅛	2,619	1.9
Lockheed		41⅝	-⅛	45⅛	35⅛	2,581	3.4
Lowe's		3095p	+7	3095p	1573p	2,258	0.7
Malvy Technology		269p	+16	330p	127p	-	-
Merrill Lynch		63⅞xd	-⅛	68⅞	37	6,773	1.5
Morgan (JP)		50⅝xd	+⅞	52⅛	38¼	9,700	3.2
Morris (Philip)	♣	31⅞xd	+⅞	52⅝	30	27,495	5.6
NYNEX	h	28¼xd	-1	32⅞	26⅛	5,938	5.5
Pall		12¼	-⅛	15	10⅞	1,479	1.7
Pennzoil		41⅞xd	-⅛	47⅛	31⅞	1,881	4.9
Quaker Oats		43⅛xd	-⅛	50⅞	29⅞	3,127	3.3
Questex		198p	—	687p	49½p	18.8	-
Rockwell		23⅛xd	-⅛	24⅞	18⅞	5,071	2.9
Rep NY		33⅞xd	-⅞	37⅞	29¼	1,776	2.1
Sears, Roebuck		36⅞xd	-1¼	38⅞	18⅞	9,549	2.9
Sthwestern Bell	h	27	-1	30⅛	23⅛	16,156	3.7
Sun Co		19⅜xd	...	21⅛	14¼	2,059	6.2
Tenneco		34⅛xd	-	38¼	25½	5,822	3.1
Texaco		44⅞xd	-⅛	45¼	37⅛	11,538	4.8
Time Warner		28⅞xd	-⅛	28⅛	18⅝	10,512	0.8
Unitab	♥	368½p	...	509p	358p	166.9	-
US West		31⅞	-⅛	33	24¾	13,211	4.5
Varity		2281p	-37	2579p	1686p	689.8	-
WMX Technologies		19⅝xd	—	27⅞	19⅞	9,596	2.0
Whirlpool		3837pxd	-69	4577p	2224p	2,682	2.1
Woolworth	♥	16⅞	-⅛	21½	15⅞	2,175	4.7

CANADIANS

	Notes	Price £	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Abbot Energy	♥	2p	....	2p	2p	-	-
Amer Barrick		1572p	+43	1829p	890½p	4,481	0.3
Bk Montreal	n	12¾	+⅛	14⅛	11⅞	3,170	4.4
Bk Nova Scot		1282p	-39	1436p	1111p	2,693	4.4
BC Gas	♥	785½p	-⅛	857p	725p	-	3.9
BCE		21⅛	-⅛	28⅛	20⅝	6,647	6.2
Bramalea	♥	626p	-13	721p	454p	516.3	8.4
Breakwater	♥	6½p	-⅛	16½p	5½p	3.42	-
Can Imp Bk		1515p	+11	1749p	1229p	3,148	4.4
Can Pacific		1030p	-7	1136p	810p	3,385	1.6
4pc Deb		48½	....	48½	38	22.7	8.5
Derlan	♥	233¼p	- -	281p	164p	-	6.1
Echo Bay	♥	736⅝p	+24	972p	365p	822.5	0.6
Gulf Can	♥	264pxd	—.	304p	147p	418.8	-
Hawker Sid	♥	13⅛	-⅛	13⅝	10⅛	109.7	4.1
Hudson's Bay	♥	1760p	-15	1938p	1495p	525.7	2.3
Imperial Oil	♥	23¼xd	-⅛	26⅛	20⅛	4,603	3.9
Inco		12⅞	+⅛	17⅛	11⅞	1,400	2.1
Nova Corp Alberta		415pxd	+5	527p	410p	1,244	2.9
Rio Algom	♥	885½p	+18	1096p	830p	378.8	3.5
Royal Bk Can		1325p	+11	1492p	1125p	4,189	4.4
TVX Gold	♥	313p	+6	381p	122½p	419.5	-
Toronto-Dom		994p	+12	996p	753p	2,992	3.5
Trans Can Pipe	♥	1030p	+25	1119p	847p	1,804	4.1

BANKS

	Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£24	+⅞	£24	£18¼	6,687	4.4	12.8
ANZ A$		182	+1	197½	130	2,381	4.8	-
Abbey National	†□	423	-6	433	345	5,545	3.4	16.3
Allied Irish IE	♣†a□	275	+3	284	179	1,809	3.8	14.4
Anglo Irish IE	□	60	—	61	32	73.0	7.1	13.8
Asahi Y		788	+19	844	415	17,773	0.6	-
Banco Bil Viz Pts		£17½	-⅛	£17⅞	£13⅛	3,995	4.8	7.7
Banco Sant Pts		£33⅞	+⅞	£35	£24⅞	3,750	3.9	12.8
Bk Ireland IE	♣qz□	268	+7	*269	177	1,257	4.6	30.0
Bank Leumi (UK)		350	—	350	325	27.2	6.1	-
Bank Scotland	♣†□	189	-1	192	116½	2,192	3.1	25.4
9¼pc Pf		133½	—	140⅛	117¼	133.5	3.0	-
9¾pc Pf		139½	-⅛	143½	123½	139.5	3.1	-
Barclays	†N□	560	- -	572	362	9,044	♣	-
Dai Ichi Kan Y	‡	1413	+4	1525	857	44,091	0.4	78.0
Deutsche DM		£329¼	+7⅜	£329⅛	£250½	15,704	1.9	-
Espirito Santo		£22⅛	+⅜	£23¼	£16½	236.6	2.7	5.2
Fuji Bank Y		1401	—	1651	876	40,966	0.4	-
HSBC HK	†□	710	-4	752	474	12,077	3.3	17.0
HSBC (75p Shs)	†□	722	-5	774	490	5,920	3.3	17.3
Lloyds	†□	570	+10	591	432	7,307	4.0	16.3
Mitsubishi Y		£18	+⅞	£19¼	£11⅛	61,878	0.3	-
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUSINESS SERVICES

	Notes	Price	+ or -
ADT $	♣□	583	+2
Adam & Harvey	♣	228	—
Air London	♣	75	—
African Lakes		47	—
Autofed Sec	♣†N□	103	+1
BET	♣N□	131	-1
BNB Res		105	+2
BPP	♣†	309	—
Barbour Index		217	—
Black & Edg	♣□	1¼	—
Boustead	†□	27	—
Bridgend	♣□	28	—
Brit Data Mangt	□	243xd	—
Brit Fittings	†□	83xd	—
Brooks Service		64	—
Business Post	L□	153	-2
CRT	♣N□	100	—
Capita	♣†h	183	-2
Cadet	N□	42½	-½
Chiltern Capital A$		22	—
Christie Group	N	60	—
Chubb Security	W□	367	+1
Comac	♣	90	—
Corp Servs	♣□	33	—
Coutts Consulting		67	+1
Dart	♣	118	+2
Davis Service	N□	225	—
EW Fact	♣	95	—
Gardiner	♣□	31	—
Hays	♣□	288xd	+5
Hogg Robinson	N□	236	—
Holmes Protect $		38	—
Hutch Whmp HK$	♥	214	+1
ISS B DKr		£20¼	+⅛
Inchcape	♣†N□	535	+2
Intl Food Machinery	Z□	71	—
Johnson Cleaners		870	+1
Leo	□	18	—
MITIE		279	—
Manpower $		1021	-5
OIS Intl	Z□	80	—
Page (M)	□	60	—
Pentos	♣	128	—
Prime People	□	2½	+⅛
Proudfoot	♣N□	82xd	-3
RCO	†	387	—
REA	‡	87	—
Reed Exec		108	—
Reliance Sec	♣	112	—
Rentokil	†□	213	-3
Rolfe & Nolan	N	251	—
Salvesen (C)	N□	350	-2
Scott Pickford	♣	37	—
Select Appts	♣□	9½	—
Serco	†	1180	+2
Sherwood Comp	♣‡W	148	—
Sketchley	N□	107	—
Time Prods	♣†□	230	—
Warner Howard		347	+3
Welpac	□	32	—
Wills Group	□	29xd	+½

CHEMICALS

	Notes	Price	+ or -
Akzo Fl		£85⅛	+1⅝
Allied Colloids	♣N□	249	-1
Anglo Utd	N□	2	—
BASF DM		£108½	+1¼
BOC	♣†□	638	—
BTP	♣N□	288	+3
BTR Nylex A$	†	134	—
Bayer DM		£128⅛	+1⅞
Brent	N□	115xd	—
British Vita	†□	236	+1
Camd	N□	12½	—
7p Cv Pf '09		39	—
Cambridge Ion S	♣	27	—
Canning (W)	♣□	163xd	—
Chemex	♣□	5	—
Courtaulds	N□	489	-1
Croda	†N□	332	+1
Doeflex	♣	127	—
Ellis & Everard	N□	218	—
Engelhard $	h	1841xc	+88
European Colour	♣	35	—
Halstead (J)		341	—
Hartons	□	5	—
7pc Pf		17	—
Hickson	♣N□	182	—
Hoechst DM		£118	+3
Holliday Chemical	W□	225	—
ICI	NW□	732	+3
Laporte	♣†□	698	+9
Leigh Ints	♣N□	213	-4
6pc Cv Rd Pf		193	—
MTM	□	57	—
Perstorp SKr		£18	—
Plysu	♣N□	240	—
Porvair	♣†	278	—
Schering DM		£434¼	+14⅛
Sutcliffe Speak	♣N□	55	+1
Wardle Storeys	†□	453	-2
Wolstenholme	♣	525xd	—
Yorkshire	♣†□	384	—
Yule Catto	†□	248xd	—

CONGLOMERATES

	Notes	Price	+ or -
AGA SKr		£34⅛	+⅜
Amer Free A FM		1392	—
Bibby (J)	□	92	—
[illegible]		[illegible]	[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS - Cont.

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Europa Mins ....N□	33	.....	42	15	15.9	-
Glencar Expl IE ....†‡	12	.....	12	6	2.22	-
Greenwich Res ....♣□	14½	.....	22¼	5	11.3	-
Harmo Gold C$	58	+¼	69⅛	23½	580.6	1.7
Ivernia West IE ....†‡□	39	.....	57	31	19.6	-
Kells Mins IE ....†‡	12	+1	14	6	0.28	-
Kenmare ....♣□	8¼	.....	13½	6	8.76	-
Malinga Res	9	.....	25½	7½	0.99	-
Navan Res IE ....♣	99	.....	102	25	16.9	-
5pc Ln Notes	94⅝	+6½	95¼	25	17.0	-
Oryx Gold	73⅝	-2	76⅛	47	-	-
‡†Ovoca Res IE	8	.....	8	3½	0.59	-
RTZ ....♣†N□	687	-4	748	607	7,302	3.9

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Top Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
ф Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†‡ Not officially UK listed; dealings permitted under Rule 535(2)
¶ Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
§ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings" draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT3973. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)F						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	351.4	351.4	374.6	-2.1	0.33
(Accum Units) ♥	5	414.3	414.3	441.6	-2.6	0.33
British	5	1616.0	1616.0	1660.4	+2.7	3.38
(Accum Units)	5	1803.8	1803.8	1908.5	+4.8	3.38
Emerging Markets	5	119.7	120.4	128.2	+0.6	0.20
(Accum Units)	5	119.9	120.6	128.5	+0.5	0.20
European	5	432.1	432.1	459.6	+2.8	1.23
(Accum Units)	5	479.2	479.2	509.7	+2.8	1.23
Japan	5	162.5	162.5	172.4	-2.6	-
(Accum Units)	5	163.8	163.8	173.8	-2.6	-
New Pacific	5	332.5	334.5	356.2	+1.5	0.92
(Accum Units)	5	348.5	350.6	373.3	+1.6	0.92
Investment Tst	5	205.9	206.1	220.6	+1.1	1.80
(Accum Units)	5	231.6	234.3	249.4	+1.2	1.80
Mngd Equity	5	161.8	163.6	173.0	-0.1	1.45
Mngd Equity Acc	5	177.3	178.2	189.6	-0.1	1.45
Mngd Cash	0	99.50	99.50	99.50	+0.03	5.07
(Accum Units)	0	129.4	129.4	129.4		5.07
Majority Stg	1	99.88	99.88	100.88	+0.03	4.78
Majority Stg Acc	1	119.42	119.42	120.61	+0.03	4.78
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300						Dealing 0277 690300
Equity	6	785.7	785.7	840.5	+1.0	2.72
North America	6	122.4	122.4	130.9	-1.1	0.05
Far East	6	140.3	140.5	150.1	+0.4	0.20
W'wide Bond	6	62.42	62.42	66.35	-0.02	5.22
European	6	94.08	94.08	100.6	+1.0	0.79
Equity Income	6	91.14	91.94	98.33	+0.39	3.75
Portfolio	6	81.32	81.32	86.97	+0.17	0.60
UK Leading Cos	6	56.12	56.76	60.38	+0.10	2.73
Broker Trusts						
Intl Equity	6	62.60	63.05	67.43	-0.03	-
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants						0800 525725
American Growth	6	33.38	33.44	35.77	-0.32	0.58
Managed Assets	6	128.18	127.02	135.88	+0.56	2.88
UK Income	6	38.73	40.06	42.85	+0.38	2.84

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Brothers & Co. Ltd				
Property Oct 7	£2125	2275	—	7.00
Inc Gth Prp Jul 12	£1440.0	1690.6	—	8.90
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's Oct 6	£5560.1	5779.5	—	2.29
European Oct 6	£781.0	788.8	—	1.40
American Oct 6	£441.1	448.7	—	1.38
Japan Oct 6	£613.1	620.9	—	0.40
Pacific Oct 6	£219.5	223.6	—	0.78
Midland Gth Aug 31	£131.80	143.60	—	3.7
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				071-588 1815
Property Sep 30	180.30	190.55	—	8.31
Equity Sep 30	1075.50	1108.0	—	2.79
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond (2)		119.22	+0.4	9.05
(Accum Units)		637.49	+2.8	9.05
NAACIF (4)		48.75	+0.3	6.79
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Oct 5	180.3	185.2	—	2.36
UK Small Co † Oct 5	640.3	667.3	—	2.84
Fixed Interest † Oct 5	130.6	131.5	—	8.71
Intl Bond Oct 5	147.3	148.7	—	7.09
Morgan Stanley International				
UK Exempt NAV	£1492.95		—	-
Overseas Exempt NAV	£1417.60		—	-
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	64.81	67.34	-0.89	1.22
European Exempt	60.57	62.45	+0.31	2.23
Fixed Int Ex Oct 6	54.30	54.83	—	7.80
Japan Exempt	80.56	82.44	-0.91	0.71

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Profund				
Managed Oct 6	320.4	333.8	—	-

Prudential Corporate Pension Funds
55 King's Road, Reading RG1 3AH 0734 494852

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Oct 6	£250.42	258.32	+2.25	-
Equity Oct 6	£282.36	292.21	+3.82	-
International Oct 6	£42.04	43.73	+0.09	-
Intl Bond Oct 6	£21.51	21.88	-0.14	-
Fixed Int Oct 6	£130.29	134.80	-0.49	-
Index Linked Oct 6	£97.41	98.62	-0.65	-
Property Oct 6	£115.45	122.22	-0.41	-
Cash Oct 6	£34.06	34.08	+0.03	-
Pru-Linked Retirement Plan				
Managed Oct 6	587.70	612.20	+4.10	-
Cash Oct 6	308.10	321.00	+0.50	-
Prudential Pensions Investment Account				
Pens Mngd	235.90	253.90	-1.20	-
Pens Mngd A	105.70	111.30	-0.50	-
Pens UK Eq	402.60	432.70	-2.50	-
Pens Intl	299.40	327.00	-0.10	-
Pens Global Eqty	134.30	141.40	-0.60	-
Pens Fixed	299.00	315.60	+0.50	-
Pens Index Lk	245.30	258.90	-0.10	-
Pens Property	92.80	97.70	+0.10	-
Pens Cash	201.10	211.80	+0.10	-
Money Purchase Plan				
Discretionary (z)	137.70	145.60	-0.30	-
Equity (z)	140.70	151.30	-0.70	-
International (z)	135.60	144.60	-0.60	-
Global Equity (z)	138.40	148.50	+0.20	-
Int'l Bond (z)	150.50	158.40	-0.30	-
Fixed Interest (z)	150.50	158.20	-0.80	-
Index Linked (z)	135.10	142.20	+0.20	-
Property (z)	104.70	115.30	—	-
Cash (z)	116.40	122.20	+0.10	-

Prudential Individual Life Funds
55 King's Road, Reading, RG1 3AH 0734 494852

	Bid Price	Offer Price	+ or -	Yield Gross
Series I Life Funds				
Managed	752.4	792.0	+1.3	-
Equity	1464.0	1541.1	+1.9	-
Fixed Interest	605.6	637.5	+1.0	-
Property	396.0	416.9	—	-
Cash	368.5	387.9	+0.1	-
International	593.6	624.9	+1.0	-
Series II Life Funds				
Managed	723.6	761.7	+1.3	-

Scottish Amicable - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Others				
Capital Guarantee Bond	106.4	112.1	+0.10	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	242.3	255.0	-1.1	-
UK Equity	232.0	244.2	+0.2	-
International	243.7	256.6	+0.1	-
American	242.0	254.8	—	-
European	229.6	241.7	+0.2	-
Japan	247.6	260.6	-1.7	-
Pacific	344.7	362.9	+0.1	-
Technology	315.2	331.8	-0.3	-
Fixed Interest	181.7	191.3	-0.8	-
Indexed Linked	164.5	173.2	+0.1	-
Foreign Bond/Currency	227.7	239.7	-0.8	-
Cash	174.800	184.000	+0.063	-
Ethical	125.3	131.9	-0.2	-
Pens Mixed	702.8	739.8	-0.5	-
Pens UK Equity	788.4	829.9	-2.4	-
Pens International	733.9	733.6	+7.8	-
Pens Nth American	243.0	255.8	+1.2	-
Pens European	271.4	295.7	-0.9	-
Pens Japan	298.1	313.8	-2.7	-
Pens Pacific	415.5	437.4	+5.8	-
Pens UK Fixed Interest	378.5	398.3	+1.4	-
Pens Index Linked	204.3	215.1	+0.2	-
Pens Cash	278.597	293.681	+0.113	-
Pens Property	215.51	226.85	—	-
Pens Ethical	162.4	171.0	-0.4	-
Edinburgh Inv	369.8	139.3	+1.2	0
Baillie Gifford Japan	262.4	276.2	-0.2	-
Pens Global	94.5	99.6	-0.1	-
Pens Emerg Mkts	100.0	105.2	+0.8	-
Pens Overseas Bond	94.0	99.0	-0.5	-

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	183.3	193.0	+0.1	-
UK Equity	341.7	359.8	-0.2	-
American	244.4	257.4	+0.8	-
Pacific	341.0	359.0	+3.3	-
European	447.8	471.4	+3.8	-
International	299.1	314.9	+1.8	-
Fixed Interest	246.7	259.8	-0.4	-
Index Linked	203.0	213.7	+0.1	-
Deposit	187.1	197.0	—	-
Managed	274.7	289.2	-0.4	-
Worldwide	121.5	128.0	+0.2	-
With Profits Pens	86.8	91.5	-0.1	-
Pens. Property	215.5	226.9	+0.2	-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Markets await German ruling

INTERNATIONAL foreign exchange markets held steady yesterday in spite of a rate cut by the Danish national bank as dealers looked towards today's all important German ruling *on Maastricht and its implications* for European currency union, *writes Peter John.*

The day began with a sharp mark-down of the US dollar, continuing Friday's trend on the back of disappointing employment statistics and the expectation that those figures have set the agenda for the next few weeks.

The US markets were operating at reduced capacity because of Columbus day celebratons and a public holiday in Japan. Consequently, the dollar lacked support and slipped in very thin trading, to be quoted at well below DM1.60 in early European dealing.

However, it rose steadily throughout the day as technical positions were adjusted and by the close it was up at DM1.6040, unchanged on Friday's weak close.

This was less a justification of the US currency's fundamental value than a refocus on today's judgment by the German constitutional court on the validity of the Maastricht Treaty on European union.

If the court votes against the Treaty there could be catastrophic consequences for a number of leading European currencies.

It is more likely that the *court will produce a verdict* that agrees with Maastricht but imposes conditions.

In any event, the D-Mark is likely to be the main gainer and the currency was firmer against a range of European currencies.

Meanwhile, sterling was generally weaker after indications in the latest producer prices statistics that some inflationary pressures might be returning. It closed at DM2.4550 against the D-Mark, down from DM2.4650.

Several economists were taking a very cautious line on inflation yesterday and cracks were beginning to show in the rate-cut-by-November argument.

Much depends on the outcome of tomorrow's Retail Prices Index figure, particularly the figure for underlying inflation which excludes the impact of mortgage interest payments.

Meanwhile, the Danish *Krone held steady as the* central bank cut its key CD interest rate by half a percentage point to 8.5 per cents. However, economists said any hope that this signalled a return of generally lower interest rates in Europe was misplaced. Danish rates were around 11 per cent after the crisis in the European exchange rate mechanism broke in early August and were merely returning to conventional levels.

The Greek drachma came under pressure in early trading after the Socialist victory in Sunday's election. The Drachma opened at Dr146.50 against the D-Mark in light trading down from Friday's fixing at Dr145.48 but by the close in London dealers were quoting it at Dr144.75.

£ IN NEW YORK

Oct 11	Latest	Previous Close
£ Spot	1.5315 - 1.5325	1.5340 - 1.5350
1 month	0.39-0.37pm	0.37-0.35pm
3 months	0.98-0.95pm	0.97-0.94pm
12 months	3.20-3.10pm	3.20-3.10pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes, average 1980-1982=100. Bank of England (Base Average 1985=100) *Rates are for Oct 8

OTHER CURRENCIES

Oct 11	£	$
Hong Kong	11.8255 - 11.8275	7.7240 - 7.7250
Iran	2423.55 - 2426.65	1583.00 - 1585.00
Korea(Sth)	1242.40 - 1242.70	811.50 - 811.70
Kuwait	0.45660 - 0.45740	0.29825 - 0.29875
Luxembourg	53.40 - 53.50	34.85 - 34.95
Malaysia	3.8905 - 3.8925	2.5410 - 2.5420
Mexico	4.7645 - 4.7675	3.1120 - 3.1140
N.Zealand	2.7690 - 2.7720	1.8085 - 1.8105
Saudi Ar	5.7420 - 5.7430	3.7500 - 3.7510
Singapore	2.3990 - 2.4000	1.5670 - 1.5680
S.Af (Cm)	5.2795 - 5.2815	3.4485 - 3.4500
S.Af (Fn)	6.3880 - 6.4035	4.1725 - 4.1825
Taiwan	41.00 - 41.15	26.80 - 26.90
U.A.E.	5.6225 - 5.6235	3.6725 - 3.6735

(Rows for Argentina to Greece: [illegible])

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14153	-2.51	6.29	-
D-Mark	1.94964	1.90363	-2.35	6.11	-
Spanish Peseta	154.250	154.449	0.13	3.48	-1
Irish Punt	0.808628	0.811677	0.38	3.23	-3
Portuguese Escudo	192.854	196.809	2.05	1.54	-14
French Franc	6.53883	6.67950	2.15	1.44	-18
Belgian Franc	40.2123	41.3880	2.93	0.67	-21
Danish Krone	7.43679	7.70584	3.62	0.00	-25

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5280 - 1.5390	1.5305 - 1.5315	0.39-0.37cpm	2.98	0.96-0.93pm	2.47
Canada	2.0310 - 2.0480	2.0365 - 2.0375	0.26-0.15cpm	1.21	0.47-0.35pm	0.81
Netherlands	2.7575 - 2.7700	2.7575 - 2.7675	⅛-¼cdis	-0.81	¼-½dis	-0.54
Belgium	53.20 - 53.55	53.40 - 53.50	17-23cdis	-4.49	43-52dis	-3.55
Denmark	9.9175 - 9.9875	9.9425 - 9.9525	2⅞-4½oredis	-3.92	8-9⅝dis	-3.54
Ireland	1.0435 - 1.0500	1.0470 - 1.0480	0.07-0.11cdis	-1.03	0.20-0.26dis	-0.88
Germany	2.4525 - 2.4625	2.4525 - 2.4575	⅛-¼pfdis	-0.92	⅜-½dis	-0.71
Portugal	253.50 - 255.25	253.75 - 254.75	99-138cdis	-5.59	347-387dis	-5.77
Spain	198.25 - 200.75	199.80 - 200.10	78-92cdis	-5.10	219-252dis	-4.72
Italy	2424.00 - 2439.25	2430.75 - 2431.75	8-10liredis	-4.44	21-24dis	-3.70
Norway	10.7250 - 10.8250	10.7475 - 10.7575	¼-⅝oredis	-0.56	⅞-2⅛dis	-0.56
France	8.6050 - 8.6375	8.6225 - 8.6325	1⅛-1⅝cdis	-1.91	2⅞-3½dis	-1.48
Sweden	12.1525 - 12.2975	12.1775 - 12.1875	1¾-3oredis	-2.34	4½-5¾dis	-1.68
Japan	162.25 - 163.25	162.25 - 163.25	½-⅜ypm	3.23	1¼-1⅛pm	2.92
Austria	17.25 - 17.36	17.27 - 17.30	¼-1⅛grodis	-0.87	2⅝-4⅛dis	-0.75
Switzerland	2.1500 - 2.1625	2.1500 - 2.1600	¼-⅛cpm	1.04	¾-½pm	1.16
Ecu	1.2975 - 1.3040	1.3000 - 1.3010	0.20-0.24cdis	-2.03	0.59-0.66dis	-1.92

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.79-1.74pm. 12 Month 3.17-3.07pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5280 - 1.5390	1.5305 - 1.5315	0.39-0.37cpm	2.98	0.96-0.93pm	2.47
Ireland†	1.4595 - 1.4730	1.4615 - 1.4625	0.52-0.49cpm	4.15	1.31-1.26pm	3.52
Canada	1.3275 - 1.3310	1.3295 - 1.3305	0.15-0.17cdis	-1.44	0.42-0.48dis	-1.35
Netherlands	1.7945 - 1.8065	1.8045 - 1.8055	0.55-0.58cdis	-3.76	1.40-1.46dis	-3.17
Belgium	34.70 - 34.95	34.85 - 34.95	20.00-22.00cdis	-7.22	53.00-59.00dis	-6.42
Denmark	6.4700 - 6.5050	6.4950 - 6.5000	3.75-4.10oredis	-7.25	9.50-10.20dis	-6.06
Germany	1.5950 - 1.6050	1.6035 - 1.6045	0.54-0.56pfdis	-4.11	1.38-1.41dis	-3.48
Portugal	165.25 - 166.10	165.90 - 166.00	130-136cdis	-9.62	340-355dis	-8.38
Spain	129.85 - 130.60	130.50 - 130.60	83-87cdis	-7.81	225-235dis	-7.05
Italy	1576.25 - 1588.75	1587.75 - 1588.25	8.10-8.60liredis	-6.31	21.60-22.60dis	-5.57
Norway	6.9975 - 7.0275	7.0200 - 7.0250	1.95-2.20oredis	-3.55	5.10-5.50dis	-3.02
France	5.6050 - 5.6425	5.6325 - 5.6375	2.14-2.24cdis	-4.66	5.55-5.75dis	-4.01
Sweden	7.9025 - 7.9875	7.9550 - 7.9600	3.45-3.75oredis	-5.43	8.30-8.80dis	-4.30
Japan	105.80 - 106.45	106.20 - 106.30	0.07-0.08ypm	0.73	0.24-0.22pm	0.87
Austria	11.2250 - 11.2950	11.2850 - 11.2900	3.60-3.85grodis	-3.96	8.95-9.70dis	-3.30
Switzerland	1.3985 - 1.4100	1.4075 - 1.4085	0.19-0.22cdis	-1.75	0.45-0.51dis	-1.36
Ecu†	1.1770 - 1.1815	1.1770 - 1.1780	0.50-0.49cpm	5.04	1.30-1.28pm	4.38

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Oct 11	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.531	2.455	162.7	8.627	2.155	2.762	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.653	1	1.604	106.3	5.635	1.408	1.804	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.407	0.624	1	66.27	3.514	0.878	1.125	990.2	0.830	21.77	81.43	0.530
YEN	6.148	9.410	15.09	1000.	53.02	13.25	16.98	14942	12.62	328.5	1229	7.990
F Fr.	1.159	1.775	2.846	188.6	10.	2.498	3.202	2818	2.361	61.96	231.7	1.507
S Fr.	0.464	0.710	1.138	75.50	4.003	1	1.282	1128	0.945	24.80	92.76	0.603
N Fl.	0.362	0.554	0.889	58.91	3.123	0.780	1	880.2	0.738	19.35	72.38	0.471
Lira	0.411	0.630	1.010	66.93	3.549	0.886	1.136	1000.	0.838	21.99	82.23	0.535
C $	0.491	0.752	1.205	79.87	4.235	1.058	1.356	1193	1	26.24	98.13	0.638
B Fr.	1.871	2.864	4.593	304.4	16.14	4.032	5.167	4548	3.811	100.	374.0	2.432
Pta	0.500	0.766	1.228	81.39	4.316	1.078	1.382	1216	1.019	26.74	100.	0.650
Ecu	0.769	1.178	1.888	125.2	6.638	1.658	2.125	1870	1.567	41.12	153.8	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE EURO SWISS FRANC OPTIONS; LIFFE EURO DM OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LONDON (LIFFE); CHICAGO; PHILADELPHIA SE £/$ OPTIONS; PARIS: [illegible]

Options on long-term French bond (MATIF):

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
[illegible]	-	-	-	-	0.14	-
[illegible]	-	1.28	5.23	0.10	0.33	-
[illegible]	0.38	0.68	-	0.40	0.71	0.25
[illegible]	0.07	0.28	-	-	-	-
[illegible]	-	0.10	2.73	-	-	-
Open int.	28,705	194,650	53,298	20,770	165,224	47,943

Estimated volume 17,850 † Total Open Interest 510,880
† All Yields & Open interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5310	1.5272	1.5216	1.5134	1.4998

* Contracts traded on APT. Closing prices shown.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	NatWestminster	6
Allied Trust Bank	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
AIB Bank	6	Exeter Bank Limited	7	●Rea Brothers	6
●Henry Ansbacher	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
B & C Merchant Bank	13	●Robert Fleming & Co	6	* (In administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamsn Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
CL Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	McDonnell Douglas Bk.	6		
The Co-operative Bank	6	Midland Bank	6		
Coutts & Co	6	Mount Banking	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Short sterling stalled

VARIOUS vacuums affected the UK money markets yesterday. The Tory party conference had given no real cause for concern, the latest economic data produced nothing of real import, liquidity was not unacceptable and the market was on hold, *writes Peter John.*

Financial futures traded marginally lower and Bank of England operations went ahead smoothly if not quite as effortlessly as last week.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The December contract for short sterling was down by one basis point to 94.37 at the close on gentle turnover of around 12,500 contracts. French and German cash futures were also weaker on balance.

December short sterling has traded within a very tight range between around 94.32 and 94.38 for some time as the market has sat back waiting for some indication of the *long-anticipated rate cut.*

One sterling dealer said: "Basically, we have had the same interest rate for nine months and the market is hungry for change."

A number of market operators were surprised at lack of bad news from the party conference. What they saw as neutral to non-inflationary producer price statistics did not give a boost to the argument for another rate cut in the next few weeks.

Several analysts pointed to the 2 per cent fall in import prices which might be expected be expected to follow through to lower prices in the high street.

There was suspicion that the gilts market might be homing in on something different. Government bond prices were weaker across the board and a fall in bond prices often signals concern that inflation might be on the turn.

Generally, the market is looking nervously towards the key retail price index figures tomorrow and several economists are predicting small rises in underlying inflation, the index that excludes mortgage interest payments. SGST, the French owned securities house, predicts a 0.1 point rise in September to 3.1 per cent.

Interbank operations began the week with a forecast liquidity shortage of £1.05bn, later revised to £1.2bn. The pressure of the shortage was defused early on after the Bank of England provided £412m of assistance.

This was followed by further injections of £6m and £545m topped off with late assistance at an unspecified rate of £50m bringing the total to £1.013bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 11)	3 months US dollars		6 months US Dollars
bid 3¼	offer 3⅜	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Oct 8					
		One month	3.08	Three year	4.06
		Two month	3.07	Five year	4.62
Prime rate	6	Three month	3.05	Seven year	4.82
Broker loan rate	5	Six month	3.16	10-year	5.25
Fed.funds	2⅞	One year	3.31	30-year	5.92
Fed.funds at intervention	-	Two year	3.79		

Oct 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.80-6.90	6.75-6.85	6.65-6.80	6.60-6.70	6.35-6.45	7.25
Paris	7 1/16-7 3/16	7.20-7.40	-	7.13-7.33		6.75
Zurich	4⅝-4⅞	4⅝-4¾	-	4½-4⅝	-	-
Amsterdam	6.43-6.50	6.40-6.48	-	6.30-6.38	-	-
Tokyo	2 13/16-2 15/16	-	-	-	-	-
Milan	9¼-9¾	8⅞-9⅛	-	8 13/16-8 15/16	-	-
Brussels	9 11/16-9 13/16	9 11/16-9 13/16	-	9 7/16-9 11/16	-	-
Dublin	6 11/16-6 13/16	6 13/16-7 1/16	6⅞-7	6⅞-7	6⅝-6¾	-

LONDON MONEY RATES

Oct 11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6⅛	6	5 15/16	5⅞	5¾	5¾
Interbank Bid	5½	5¾	5 13/16	5¾	5⅝	5⅝
Sterling CDs	-	-	5⅞	5¾	5 11/16	5⅝
Local Authority Deps.	5	5½	6⅛	5⅞	5¾	5 11/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	5 13/16	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	5⅞	5¾	5 11/16
Treasury Bills (Buy)	-	-	5 9/16	5¼	5 5/16	-
Bank Bills (Buy)	-	-	5⅝	5 7/16	5 7/16	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.98	3.04	3.07	3.23
SDR Linked Dep. Offer	-	-	4 1/16	4¼	4 3/16	4¼
SDR Linked Dep. Bid	-	-	4 3/16	4⅛	4 1/16	3 15/16
ECU Linked Dep. Offer	-	-	8	7 13/16	7⅝	6 13/16
ECU Linked Dep. Bid	-	-	7½	7 9/16	7⅛	6 9/16

Treasury Bills (sell); one-month 5½ per cent; three months 5 7/16 per cent; six months 5⅛ per cent; Bank Bills (sell): one-month 5 13/16 per cent; three months 5½ per cent; Treasury Bills; Average tender rate of discount 5.2048 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1993. Agreed rates for period Oct 26, 1993 to Nov 23, 1993 Schemes II & III: 7.22 p.c. Reference rate for period Sept 1, 1993 to Sept 30, 1993, Scheme IV&V: 5.954 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from October 1, 1993; Bank Deposit Rate for sums at 7 days notice 5⅛ p.c.; Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¼ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993. Deposits withdrawn for cash 1¼p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES: Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate after deduction of basic rate income tax. CAR: Compounded Annual Rate. Int. Cr: Frequency of which interest is credited to the account.

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NETHERLANDS (continued)
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

SWITZERLAND (continued)
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

CANADA

TORONTO
Oct 8/closed Oct 11

[illegible]

Sales	Stock	High	Low	Close
2500	Cara Op	480	480	480
215	Celanese	\$55¼	55¼	55¼
206	CntCpital	20	20	20
171108	Cineplx Odn	420	400	410
2700	Cntrl Fd A	\$6¾	6¾	6¾
28651	Cominco	\$14¾	14⅜	14¾
9250	Coputalog	305	300	300
180627	Coral Sys	u\$49½	44⅝	44⅝
16000	CoscanDev	u210	200	205
2000	Jannock	\$16¾	16½	16½
1500	KerrAddis	\$21½	21¼	21½
456800	Labatt	\$22⅝	22¼	22⅜
523235	Lac Mnls	\$11⅛	10⅞	11⅛
17387	Lafarge	u\$26⅛	25½	26⅛
65300	Laidlaw A	\$7⅞	7¾	7¾
403087	Laidlaw B	\$7⅞	7⅝	7⅞
500	Laurent Bk x	\$16¾	16¾	16¾
9500	Rio Algom	\$17¾	17¼	17⅝
188952	RogersComB	\$21¼	21	21
100	Rothmans	\$100	100	100
447972	RoyalBkCan	\$27¼	26¾	27
94625	Ryl Oak Mn	\$6	5¾	6
1515	StLawrCm A	\$7¼	7¼	7¼
320986	SceptreRs	u\$14⅞	14	14⅞
208	ScottPaper x	\$10⅛	10⅛	10⅛

MONTREAL
Oct 8/closed Oct 11

Sales	Stock	High	Low	Close
71725	MetroRich	\$10⅝	10¼	10½
150474	NatBk Can	\$10⅛	9⅞	9⅞
150	Quebecor A	\$19	19	19
9661	Unias	\$7¾	7⅝	7⅝
40971	Videotron	\$26⅝	26¼	26⅝

Total Sales 19,412,991 shares

INDICES

NEW YORK

DOW JONES	Oct 8	Oct 7	Oct 6	Oct 5	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3584.74	3583.63	3598.99	3587.26	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.32	109.25	109.43	109.11	109.69 (13/9)	103.49 (11/1)	109.69 (13/9/93)	54.99 (1/10/81)
Transport	1636.25	1635.82	1632.62	1636.04	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	243.80	244.86	246.51	246.18	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High (3610.45) Low (3550.37) (Theoretical♠)
Day's High 3596.20 (3596.20) Low 3583.90 (3557.92) (Actual♠)

STANDARD AND POOR'S	Oct 8	Oct 7	Oct 6	Oct 5	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	460.31	459.18	460.74	461.20	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	519.88	518.77	519.80	520.41	524.99 (10/3)	496.48 (25/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	48.09	47.89	48.10	48.05	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	255.81	255.44	256.26	256.40	258.88 (31/8)	236.21 (8/1)	258.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	464.70	463.85	463.36	461.58	464.70 (8/10)	395.84 (8/1)	464.70 (8/10/93)	29.31 (9/12/72)
NASDAQ Composite	764.27	762.49	764.77	762.27	764.84 (4/10)	645.87 (26/4)	764.84 (4/10/93)	54.87 (31/10/72)

	Oct 1	Sep 24	Sep 17	year ago (approx.)
Dow Industrial Div. Yield	2.85	2.88	2.81	3.24
	Oct 6	Sep 29	Sep 22	year ago (approx.)
S & P Industrial div. yield	2.48	2.49	2.51	2.70
S & P Indl. P/E ratio	27.86	27.76	27.52	27.40

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Am Exp Note	4,514,500	36⅞	--
Detroit Dis	4,391,400	25⅞	--
Adv Micro	3,148,300	20½	- ⅛
Philip Morris	2,652,100	48¼	+ 1⅛
Wal-Mart	2,416,400	26½	- ¼
Tiphook Pl	2,132,600	6¼	- ⅛
Fed Dept St	2,038,100	18⅝	+ ½
US Surgica	2,032,700	23¼	- ⅞
Corning	2,027,200	27⅝	+ ¼
Chrysler	1,945,600	48⅛	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	Oct 8	Oct 7	Oct 6
New York SE	243.251	254.772	275.766
Amex	17.204	16.229	21.002
NASDAQ	281.403	294.186	297.945
NYSE			
Issues Traded	2,609	2,617	2,626
Rises	1,112	836	1,111
Falls	823	1,107	864
Unchanged	674	674	651
New Highs	122	108	145
New Lows	24	25	24

CANADA

TORONTO	Oct 11	Oct 8	Oct 7	Oct 6	1993 HIGH	1993 LOW
Metals & Minerals	2914.56	2927.74	2887.14	2870.20	3140.94 (16/8)	2743.31 (21/1)
Composite	4067.30	4080.79	4055.48	4014.11	4143.70 (1/9)	3275.80 (21/1)
MONTREAL Portfolio	1916.94	1916.55	1903.66	1884.22	1963.55 (1/9)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Oct 11	Oct 8	Oct 7	Oct 6	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	2039.7	2026.2	2022.5	2016.8	2039.70 (11/10)	1495.00 (13/1)
All Mining (1/1/80)	853.5	842.5	831.3	820.2	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	399.3	392.97	391.62	392.92	403.05 (31/8)	300.28 (14/1)
Traded Index (2/1/91)	1027.13	1007.31	1002.09	1002.76	1027.13 (11/10)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1349.96	1347.1	1332.80	1331.67	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	333.91	334.05	334.31	334.50	340.58 (19/8)	281.90 (4/1)
FINLAND						
HEX General (28/12/90)	1485.9	1498.3	1463.7	1457.7	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	593.41	590.92	595.41	596.84	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2138.72	2156.38	2147.41	2164.46	2216.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	774.55	765.57	764.63	759.38	774.55 (11/10)	598.92 (14/1)
Commerzbank (1/12/53)	2215.0	2183.4	2179.4	2165.8	2215.00 (11/10)	1694.30 (14/1)
DAX (30/12/87)	2011.02	2005.01	1997.04	1987.65	2011.02 (11/10)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	8192.18	8005.56	8085.79	8041.57	8192.18 (11/10)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1723.20	1707.34	1709.00	1715.49	1754.84 (19/8)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	(u)	590.70	598.16	600.41	632.86 (30/8)	448.33 (6/1)
MIB General (4/1/93)	1286.2	1299.0	1310.0	1320.0	1390.00 (30/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	(c)	20378.64	20265.63	20500.25	21148.11 (13/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	(c)	1656.40	1646.79	1653.76	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	(c)	2248.65	2246.29	2249.25	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	895.15	884.62	874.34	865.77	895.15 (11/10)	614.28 (13/1)
NETHERLANDS						
CBS Tl.Rtn.Gen.(End 1983)	387.9	386.6	386.2	388.7	387.90 (11/10)	295.70 (4/1)
CBS All Shr (End 1983)	251.7	250.9	250.6	250.9	252.30 (31/8)	188.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	968.70	969.61	967.21	967.25	979.17 (13/8)	689.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	2028.53	1982.72	1961.04	1946.69	2028.53 (11/10)	1270.66 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	535.08	532.12	533.75	532.8	535.08 (11/10)	394.10 (19/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1723.0♥	1675.0	1606.0	1528.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4513.0♥	4504.0	4481.0	4463.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	722.09	714.58	717.82	716.90	777.25 (9/8)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	294.23	292.58	291.06	291.51	304.88 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1352.80	1345.30	1337.30	1327.0	1352.80 (11/10)	879.10 (26/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1089.92	1088.79	1089.59	1092.47	1092.47 (8/10)	904.80 (11/1)
SBC General (1/4/87)	672.37	667.97	665.53	664.82	672.37 (11/10)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3893.19	3894.94	3814.62	5013.28 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	1123.74	1089.64	1089.52	1058.24	1123.74 (11/10)	818.84 (1/8)
WORLD						
M.S. Capital Intl.(1/1/70) $	603.2*	603.6	599.9	601.3	606.20 (6/9)	488.60 (13/1)
Euro Top-100 (26/6/90)	1132.87	1133.50†	1130.57	1132.15	1138.50 (8/10)	862.73 (13/1)

**Saturday October 9: Taiwan Weighted Price; 3885.88, Korea Comp Ex; 712.95.
♥ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks
Friday, October 8, 1993

	Stocks Traded	Closing Prices	Change on day
Fujitsu	7.0m	861	+5
Mitsubishi Heavy	4.7m	689	+17
Nippon Steel	4.3m	339	-5
Isuzu Motor	3.4m	417	+5
Tokyo Gas	3.0m	537	+6
Mitsubishi Motor	2.8m	839	+7
Nippon Yusen KK	2.5m	626	+8
Fujikura	2.4m	906	+27
Tokyo Elec Power	2.4m	3,550	+80
Nissan Motor	2.4m	763	-4

4 pm close October 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14⅝	11½	AAR Corp	0.45	3	[illegible]	116	13½	13⅛	13½	+⅛
23⅞	13¾	A L Labs A	0.18	1.0	35	1155	18⅛	17½	17⅞	+⅜
67¾	54⅝	AMP Inc	1.60	2.5	23	959	65⅛	64¾	64⅞	+⅛
72¾	55½	AMR			16	2634	64¾	64	64½	+⅝
3⅞	1¾	ARX			14	194	u3⅞	3⅝	3⅞	+¼
51½	29⅞	ASA	2.00	4.4	30	601	46⅛	45⅝	45⅞	+⅜
30¾	22⅝	Abbott Lab	0.88	2.5	17	9010	27⅛	26½	26⅞	+½
12⅝	8¼	Abitibi Pr	0.50	5.9	3	2	8½	8½	8½	
15⅞	8¼	Acptocals			47	88	u15⅝	15¼	15¼	-⅛
38	25½	ACE Ltd	0.92	2.8		85	33¼	33⅛	33⅛	-⅛
12	10¾	ACM Gvt In	0.96	8.4		189	11⅜	11¼	11⅜	
10	9⅛	ACM GvOpp x	0.80	8.0		72	u10	9¾	10	+⅛
9⅞	8¾	ACM Gvt Sp x	0.80	8.3		488	9¾	9⅝	9⅝	-⅛
11⅝	10½	ACM Gvt Sp z	0.96	8.3		282	11½	11⅜	11½	
11⅝	9⅝	ACM Man x	1.08	9.4		155	u11⅝	11½	11½	-⅛
9⅞	8⅝	ACM Managd x	0.72	7.8		154	9¼	9⅛	9¼	
12⅞	7¾	Acme Cleve	0.44	4.6	12	133	9⅝	9½	9½	
9¼	6⅞	Acme Elect			51	153	7⅞	6¾	7¼	+½
27⅝	18⅞	Acordia	0.44	1.7	15	31	25⅞	25⅝	25⅞	-⅛
16	10⅝	Acuson			34	471	12⅞	12	12⅞	+⅞
21¾	18¼	Adams Expr	0.48	2.6	0	109	19	18⅞	18⅞	
66¼	45½	Ad Micro	3.00	6.0		538	50¼	50	50⅛	+⅛
32¾	17⅞	Ad Micro P	3.00	14.9	7	15439	21⅛	20½	20⅛	-⅜
7¾	5½	Advest Grp	0.16	2.2	12	78	7⅛	7⅛	7⅛	+⅛
24¾	14¼	Advo Inc	0.06	0.5	16	283	14¾	d14¼	14⅝	-⅛
50⅝	41⅛	Aegon ADR	1.23	2.4	10	280	u50⅝	50¼	50½	+½
62⅞	43⅞	Aetna Lf	2.76	4.5	42	1222	61⅝	61⅛	61¼	-¼
34	28⅜	Aflac	0.40	1.3	15	261	31¾	31¼	31½	-¼
22⅛	16¾	Ahmanson	0.88	4.6	8	4872	19⅜	19⅛	19⅛	-⅛
7¾	3⅞	Aileen Inc			5	33	3¾	3¾	3¾	
48½	24⅞	Air Pr Chm	0.92	2.3	15	2838	40⅛	39⅝	40	+⅜
26½	18⅛	Airbne Frt	0.30	1.2	32	283	25	24½	25	+½
39½	18¼	Airgas Inc			44	57	u39⅞	39	39¼	+¼
[illegible]										

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[illegible]

- D -

[illegible]

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[illegible]

- F -

[illegible]

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- J -

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- K -

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- L -

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- M -

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[illegible]

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[illegible]

Continued on next page

4 pm close October 11

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	15½	S Anita Rt x	1.36	7.0	17	53	19⅜	19⅛	19⅜	+⅛
20¾	14⅞	SCOR US Cp	0.32	1.9	207	32	16⅝	16⅝	16⅝	
28¾	20	SPS Techno	1.28	4.4	21	246	29⅛	28	29⅛	+1⅛
15¾	12⅞	Sabine Rit x	1.74	11.5	10	128	u15¼	15⅛	15⅛	-⅛
14	8⅞	Safecard	0.20	1.5	13	99	13⅞	13⅝	13⅝	-⅛
23½	16⅞	Safeg'd Sc			10	24	22¼	22	22⅜	+⅜
24¼	14⅛	SafetyKln	0.36	2.5	22	1883	14⅝	14⅜	14½	-⅛
20½	10⅞	Safeway			25	1614	20¼	20	20¼	+⅛
4⅝	2	SafewayW96				624	u4⅝	4½	4½	
55	37½	StJoePaper	0.20	0.4	143	34	48⅞	48⅝	48⅝	-½
37⅞	31	StJoeL&P	1.76	4.9	14	5	36	36	36	-⅛
94	76	St Paul's	2.80	3.1	15	287	91⅝	91⅛	91⅝	+¾
11⅜	7½	Salant Crp			4	54	8¼	7⅞	8	
75¼	39⅞	Sallie Mae	1.20	2.6	10	2334	47⅜	46¼	47	+⅞
14¼	13	Salomon Br	0.32	2.3		221	13⅞	13¾	13⅞	
51⅞	34	Salomoninc	0.64	1.3	11	841	48⅛	47¾	47⅞	-⅛
27¾	23¾	SanDgo G&E	1.48	5.6	14	161	26⅜	26⅛	26¼	-⅛
5	3½	SantaFeEDu	0.40	8.2	48	10	4⅞	4⅞	4⅞	
11⅞	9⅛	SantaFeERs	0.16	1.6	500	535	10⅛	9⅞	10	
40¾	35¾	SantaFePac	2.80	7.2	13	46	38¾	38⅛	38⅝	+⅛
19⅜	12¾	SantaFPac	0.10	0.5	12	1377	19¼	18¾	19¼	+⅜
31⅛	21	Sara Lee	0.58	2.3	17	5064	25¼	24⅝	25⅛	+⅝
51⅞	40⅛	Scana Corp	2.74	5.4	15	251	50⅞	50¼	50¼	-⅛
25¾	21½	Scecorp	1.42	6.3	13	3648	22⅝	22⅜	22⅜	-¼
38⅞	23⅞	SchererRP			36	138	32½	32¼	32½	
70⅞	51¾	ScheringPl	1.80	2.6	17	6887	68⅜	66⅝	68¼	+1½
68⅞	55⅜	Sch'berger	1.20	1.8	25	1238	68¼	65⅝	65⅞	+⅜
38¼	18½	Schwab(C)	0.20	0.6	21	1288	36¼	35¾	36¼	+⅞
7¾	5⅜	Schwitzer			41	41	7¼	7	7⅛	-¼
37⅞	17¾	ScientAtln	0.12	0.3	53	1186	35	34	35	+1

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- U -

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- V -

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- W -

[illegible]

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4 pm close October 11

NASDAQ NATIONAL MARKET

[illegible]

4 pm close October 11

AMEX COMPOSITE PRICES

[illegible]

AMERICA

Dow becalmed in Columbus Day doldrums

Wall Street

US share prices were little changed in light trading yesterday as the Columbus Day holiday depressed business activity and kept the bond market shut, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 4.47 at 3,589.21. The more broadly based Standard & Poor's 500 was 0.55 firmer at 460.86, while the Amex composite was up 2.12 at 466.82, and the Nasdaq composite up 1.05 at 765.32. Trading volume on the NYSE was 107m shares by 1pm, and rises outnumbered declines by 912 to 885.

Analysts had said that the markets would be quiet because of the Columbus Day holiday (which closes the country's banks and many companies), and they were right. Trading was extremely light throughout the morning session, and prices remained almost rooted to the spot, rarely straying far from Friday's closing values.

Sentiment remained subdued in the wake of last week's September employment report, which revealed continued weakness in the manufacturing sector and sub-par job creation growth rates. Equity investors were unable to look to bond prices for a lead because the cash bond market was closed for the day, although trading of Treasury bond futures in Chicago remained open. Activity overseas was no help either – European markets were little changed, and Tokyo was closed for a holiday.

Among individual stocks, Aluminum Company of America, a leading Dow constituent, fell $1¼ to $66⅞ after the big brokerage house, Merrill Lynch, downgraded its short-term rating on the stock in the wake of the company's earnings report last Friday.

Paramount Communications rose $⅜ to $76⅞ after the board of the entertainment group said that it would open "informational discussions" with QVC, the home shopping network which has launched a bid for Paramount, but that it also remained committed to completing its agreed merger with Viacom, the cable television company. QVC, traded on the Nasdaq market, firmed $¼ to $56⅞ on the news while Viacom, listed on the American Stock Exchange, rose $⅜ to $56½.

Eli Lilly rose $2⅞ to $52⅞ in active trading after the big drugs group announced several cost-cutting measures which, the company hopes, will reduce its global pharmaceuticals workforce by 2,000, or 10 per cent, over the next year.

Chock Full O Nuts rose $¼ to $9⅞ after the company said that it expected to achieve an 87 cents a share after-tax gain in its fiscal second quarter from the sale of its Hillside coffee operation.

On the Nasdaq market, Intel fell $3½ to $66¾ in volume of 12m shares after investors expressed disappointment at the group's third quarter net income of $1.33 a share, which came in just below the median of analysts' forecasts.

BRAZILIAN equities remained ahead at lunchtime with speculative purchases by big investors continuing to support prices ahead of Wednesday's futures settlement. The Bovespa index was 649 higher at 17,939 at 1 pm.

SOUTH AFRICA

JOHANNESBURG saw early gold share gains which were retained as the index rose 49, or 2.9 per cent to 1,724. Industrials edged 9 higher at 4,513, and the overall index finished 39 higher at 3,909.

Mixed views on highs in Germany, Hong Kong

By Michael Morgan

European equity markets put in an impressive performance last week, rising at double the level of the FT Actuaries World Index, with several bourses hitting all-time highs.

Mr Marcus Grubb of Salomon Brothers notes that increased buying by US investors was rumoured to be behind the rallies. Net sales of US mutual funds this year have reached $130bn, he says; during the last two months, the amount of new cash flowing into foreign funds has exceeded $1bn a week. He adds that some global funds have increased their weighting in foreign assets to more than 20 per cent.

"The bullish medium-term arguments for European equities are compelling," he says. "In a recessionary environment with high savings ratios, low inflation and falling interest rates, liquidity will flow towards long-term financial assets. This flood of liquidity will continue unless spending picks up on consumption, investment and real assets or, alternatively, inflation pressures build up, reversing the trend in interest rates. Neither of these scenarios," he maintains, "is likely to occur in Europe in the near future."

Germany was one beneficiary of the foreign investment process. The end of the fighting in Moscow triggered an 80 point rally which took the DAX index to a new all-time high above the 2,000 level.

According to the UBS global research team, the low selling pressure during the course of the Russian turmoil indicated that investors were willing to hold their positions in German stocks. They say that stabilisation around the 2,000 level in the DAX seems likely in the short term.

UBS expects financials to outperform but sees a good opportunity to take profits in the retailing sector, given the gloomy outlook for disposable income and consumer expenditure in Germany.

Mr Albert Edwards at Kleinwort Benson takes a more bearish view of German equities, believing that the German market "has all to do with liquidity and little to do with valuations".

"In all markets that are financed by a wall of foreign liquidity," he says, "there always remains the risk of a sudden reversal ... With US mutual funds notoriously fickle, we prefer the liquidity situation in France."

Mr Edwards believes that the profits outlook will disappoint in Germany and that the fundamentals are falling into place for underperformance.

He takes the same view of Hong Kong which surged to a succession of record high closes during the first four days of last week, and took itself to a new record high yesterday in response to increases in the weightings of the market by a number of US houses.

Mr Edwards comments that, having previously convinced itself that no slowdown was in sight in Hong Kong, the market now believes that, although the economy *is* slowing, there will be a soft landing: "Soft-landing is a word we used to hear a lot of in the late 1980s about western economies – and it came to nothing," he says.

"The first two quarters of China's slowdown has come to an end and the current quarter should start to see the real pain beginning and intensifying in the first quarter of 1994. Cutting money supply growth from 50 per cent to 20 per cent will be a shuddering experience. Hong Kong," he concludes, "remains vulnerable from a draining of Chinese liquidity."

Norway was another strong performer last week after a month characterised by profit-taking in connection with the general election and weaker international markets.

Ms Tone Varmann of Unibors in Copenhagen sees the market focusing this month on a crop of interim results and the new government's 1994 budget, due to be released tomorrow.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+3.58	+1.59	+26.88	+26.48	+25.31	+27.13
Belgium	+2.06	+1.86	+24.87	+20.40	+13.24	+14.86
Denmark	+1.49	+0.67	+39.31	+31.79	+25.21	+27.03
Finland	+6.46	+7.47	+158.67	+87.92	+68.96	+71.43
France	+1.84	+2.44	+31.09	+19.76	+15.90	+17.58
Germany	+4.78	+7.32	+36.35	+29.05	+28.44	+30.30
Ireland	+0.60	-0.76	+55.13	+41.19	+25.71	+27.54
Italy	-0.39	-0.75	+70.23	+43.11	+30.97	+32.86
Netherlands	+1.67	+3.60	+30.12	+25.61	+24.88	+26.69
Norway	+5.14	+5.49	+55.28	+33.71	+29.74	+31.62
Spain	+1.96	+2.06	+54.78	+37.44	+18.87	+20.60
Sweden	+2.76	+6.04	+89.69	+34.94	+17.63	+19.33
Switzerland	+2.14	+6.78	+36.06	+23.15	+26.57	+28.40
UK	+2.12	+2.04	+25.68	+10.93	+10.93	+12.54
EUROPE	+2.35	+3.32	+34.09	+20.54	+18.10	+19.82
Australia	+2.89	+4.73	+33.55	+25.83	+18.77	+20.49
Hong Kong	+3.91	+5.06	+37.81	+42.95	+41.20	+43.25
Japan	+1.80	-1.00	+26.57	+25.67	+46.60	+48.73
Malaysia	+5.12	+11.19	+83.48	+64.51	+66.94	+69.37
New Zealand	+4.57	+2.10	+54.93	+35.84	+43.74	+45.81
Singapore	+2.26	+5.25	+62.25	+38.03	+42.34	+44.41
Canada	+2.14	+1.52	+16.05	+12.86	+6.19	+7.73
USA	-0.28	-0.32	+12.84	+5.56	+4.07	+5.58
Mexico	+0.04	-4.65	+25.75	+1.39	+0.13	+1.58
South Africa	+3.50	+1.87	+29.18	+23.22	+40.73	+42.77
WORLD INDEX	+1.18	+0.63	+23.19	+16.05	+19.95	+21.70

† Based on October 8th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and NatWest Securities Limited.

EUROPE

Interest rates emphasised as bourses begin to flag

INTEREST rates have further to fall, said Mr James Cornish, European market strategist at NatWest Securities, yesterday, and bourses could rise between 7 and 15 per cent over the next 12 months after a 37 per cent gain since the beginning of the currency crisis in late August, 1992, *writes Our Markets Staff.*

FRANKFURT scored its fifth consecutive high, but getting there seemed an effort and, after peaking at an intraday 2,021.20, the DAX index closed just 6.01 higher at 2,011.02.

Turnover fell from DM9.4bn to DM8.5bn. Sector rotation continued with banks, construction stocks and retailers mostly higher, and the automotive sector and a number of other recent winners down.

In insurance, for example, Allianz fell DM16 to DM2,730 after Mr Peter Constable, of Robert Fleming Securities, recommended a sell on profit-taking grounds, saying that recent outperformance in the stock conflicted with poor fundamentals. "Rises in premium rate in Germany," said Mr Constable, "are inadequate and too late to improve underwriting results significantly there in 1993."

The pharmaceuticals group, Schering, fell DM17 to DM1,041. Here again, the reason was profit taking after a rise of DM75 last week.

ZURICH moved ahead to a record close, the SMI index rising 14.9 to 2,548.5. Financials led the way higher, supported by a firm domestic bond market.

Winterthur registered were active, rising SFr8 to SFr720 while CS Holding put on SFr55 to SFr3,150.

Swissair rose SFr10 to SFr735 on the prospects for a special dividend after a Financial Times report that the Alcazar alliance partners had agreed on how to value their stakes and that the negotiations would come to a head at a meeting in Zurich today.

PARIS saw a late drop interpreted as a correction following an extended bull period. The CAC 40 index closed 17.66 lower at 2,138.72.

Eurotunnel and Euro Disney were among the hardest hit stocks during the session. Eurotunnel's downward revision of its revenue estimates left it FFr1.05 lower at FFr42.10. Euro Disney fell FFr3.90, or 7 per cent to FFr51.90 on unfavourable analysts' reports.

MILAN was unnerved by the resignation of Mr Paolo Savona, the industry minister, as a result of serious disagreements over the government's privatisation programme and the Mibtel index fell 118 to 10,307 in thin trading.

Among early privatisation candidates, BCI shed L132 or 2.8 per cent to L4,596 and Credito Italiano fell L69 or 2.7 per cent to L2,465 amid concern that the programme could face delays. Savings shares in both banks were suspended before board meetings that are expected to propose changes to their statutes ahead of their privatisation.

Montedison was L51 or 6.4 per cent ahead at L850 and Ferruzzi added L2 to L400 after the progress made at the weekend by the main Italian creditor banks.

AMSTERDAM saw ING, the financial services group, another Fl 1.90 higher at Fl 79.80 on Thursday's news that the Dutch state had sold its 7 per cent stake to a Dutch pension fund. The CBS Tendency index rose 0.5 at 128.5.

ABN-Amro gained Fl 1 to Fl 66.60 with strong foreign demand noted. After the bourse closed, the Dutch state said it had selected the bank to lead the privatisation of the Dutch PTT.

MADRID heard Spain's state-owned power company, Endesa, deny reports in a Spanish economic newspaper that it was to distribute Pta50bn to its competitors. However, Endesa fell Pta70 to Pta5,460 as the rest of the sector rose, and the general index closed 1.65 higher at 294.23.

VIENNA pursued Frankfurt with the ATX index up 19.82, or nearly 2 per cent to 1,027.13, its highest since March, 1992.

ISTANBUL dropped 5.3 per cent, the composite index closing 821.5 lower at a provisional 14,617.6. However, turnover dropped from TL1,350bn to TL786bn and brokers said that the decline in trading volume showed that there was no strong selling sentiment in the market.

ATHENS greeted the Socialist general election victory with the general share index down 14.34, or 1.7 per cent at 831.05 in thin trading. This followed a gain of nearly 3 per cent last Friday.

WARSAW's general optimism prevailed over political fears linked to a left-wing victory in elections last month, the WIG index rising 333.5, or 4.9 per cent to 7,164.8, in turnover of just over 1,000bn zloty ($50m).

Written and edited by William Cochrane and Michael Morgan.

FT-SE Actuaries Share Indices

October 11 — THE EUROPEAN SERIES

Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE Eurotrack 100	1319.10	1319.25	1320.25	1319.02	1319.02	1318.95	1319.91	1318.96
FT-SE Eurotrack 200	1401.68	1401.58	1401.10	1400.66	1401.02	1400.80	1401.09	1401.02

	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4
FT-SE Eurotrack 100	1321.16	1317.76	1321.84	1313.91	1298.14
FT-SE Eurotrack 200	1405.46	1401.97	1403.39	1391.47	1377.73

Base value 1000 (26/10/90) High/day: 100 - 1321.18; 200 - 1402.35 Low/day: 100 - 1318.19 200 - 1399.43.

ASIA PACIFIC

Seoul up before transactions deadline

THERE were another four record highs in the region, but Seoul, still some way short of its mid-year peak, probably came top for topicality as it rose ahead of today's deadline for "false name" transactions and holdings.

Tokyo and Taiwan were closed for public holidays.

SEOUL had reported fears of a massive, last minute withdrawal of funds from bank and stock accounts by large depositors in an effort to hide their money from the tax collectors.

In the event, the market chose to anticipate government market boosting measures after today's deadline for implementing the "real-name" financial system, and the composite index ended 9.74 higher at 722.09 in turnover of Won396.7bn, compared with Won209.3bn during Saturday's half-day session.

Sammi Corp and Sammi Steel went limit-down, losing Won600 each to Won10,300 and Won10,400 respectively, following unconfirmed rumours about the group.

HONG KONG scored its sixth rise in seven sessions, the Hang Seng index climbing 186.62, or 2.3 per cent to a new record high of 8,192.18 as overseas money continued to come into the market, and domestic investors followed suit.

Turnover was a provisional HK$5.48bn, up from HK$3.86bn on Friday. Property companies were traded heavily, Sun Hung Kai rising HK$2.75 to HK$45.25 following last week's 43 per cent jump in profits.

Henderson Land soared by HK$4.50, or 19 per cent to HK$28.70 on news of a US$400m bond issue convertible after three years into shares in its Henderson China Holdings unit, which is not even listed yet.

AUSTRALIA consolidated its break through the 2,000 level and advanced again, the All Ordinaries index closing at another post-1987 crash high of 2,039.8, up 13.6.

Continuing foreign interest and a rise in the gold price helped push the index higher. Golds put on 35.9 to 2,130.2 following a US$2.00 rise in bullion prices over the weekend.

Overall, turnover was light at A$314.22m.

MANILA hit another record high as it rode the sharp rise of Philippine Long Distance Telephone (PLDT) on Wall Street, the composite index ending 43.81, or more than 2 per cent higher at 2,026.53.

Combined Manila/Makati turnover rose from 667.4m pesos to 742.8m. PLDT, which turned over 55m pesos by itself, climbed by 55 pesos, or 3.8 per cent to 1,520 pesos.

KUALA LUMPUR extended its rally on the back of strong speculative and institutional buying, the KLSE composite index closing 10.53 higher at a new record high of 895.15 as volume rose from 702.6m shares to 839.1m.

Brokers said that the strong presence of foreign institutions continued to inject liquidity into the market, which has been driven by anticipation of a generous 1994 budget to be presented later this month. They expect the composite index to test the key 900-point level this week.

SINGAPORE saw healthy interest, generated by the giant flotation of Singapore Telecom shares due today. The Straits Times Industrial index ended 15.12 higher at 2,046.57.

Sentiment was boosted by the huge size of the Telecom offer – over 1bn shares at a minimum price of S$2 each. Some dealers said that the Telecom valuation made other Singapore blue chips look cheap. Analysts, however, said that the offer was overpriced at 27 times prospective earnings against the market p/e of 22.

BANGKOK extended its rally into an eighth trading day, the SET index rising 25.10, or 2.3 per cent to 1,123.74 in heavy turnover of Bt16bn.

Active stocks included major property developers and banks. Interest rate hopes saw Bangkok Land climb Bt7 to Bt140, Tanayong Bt7.50 to Bt84.00 and Krisda Mahanakorn Bt5 to Bt135. Bangkok Bank jumped Bt6 to Bt153 and Krung Thai Bank Bt1.50 to Bt52.50.

KARACHI took settlement day in its strike, the KSE index closing 16.12 higher at 1,376.24 on fresh institutional buying.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY OCTOBER 8 1993								THURSDAY OCTOBER 7 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	150.76	+0.6	145.52	100.54	125.72	152.26	+0.2	3.39	149.87	145.94	99.57	126.46	151.96	150.76	117.39	123.11
Austria (17)	178.19	+1.8	171.99	118.83	148.59	148.48	+0.5	1.06	175.07	170.48	116.31	147.72	147.69	180.43	131.16	151.99
Belgium (42)	153.05	+2.1	147.73	102.06	127.63	131.53	+1.1	4.38	149.92	145.99	99.59	126.50	130.14	156.76	131.19	139.61
Canada (107)	124.58	+0.3	120.25	83.08	103.88	120.16	+0.2	2.82	124.25	120.98	82.54	104.84	119.98	130.38	111.41	113.70
Denmark (32)	236.42	+1.1	228.20	157.67	197.15	209.33	+0.0	1.08	233.92	227.79	155.41	197.38	209.26	236.42	185.11	193.54
Finland (23)	119.33	+2.2	115.18	79.58	99.51	143.59	+1.5	0.72	116.71	113.65	77.54	98.48	141.48	119.33	65.50	56.70
France (97)	173.05	+1.3	167.04	115.40	144.30	152.76	+0.4	3.02	170.77	166.29	113.44	144.08	152.15	173.05	142.72	146.54
Germany (60)	135.56	+1.8	130.85	90.42	113.05	113.05	+0.6	1.86	133.20	129.71	88.50	112.39	112.39	135.56	101.59	106.62
Hong Kong (55)	317.38	-0.8	306.35	211.66	264.66	314.80	-0.8	3.24	319.84	311.46	212.49	269.89	317.21	319.84	218.82	232.37
Ireland (14)	173.17	+0.2	167.15	115.48	144.41	166.44	-0.7	3.37	172.85	168.32	114.83	145.85	167.56	173.99	129.28	135.41
Italy (70)	72.90	-0.3	70.37	48.62	60.79	86.41	-1.3	1.88	73.15	71.23	48.59	61.72	87.51	78.93	53.78	54.23
Japan (469)	156.21	+0.3	150.78	104.17	130.28	104.17	+0.7	0.79	155.76	151.68	103.48	131.45	103.48	165.91	100.75	106.23
Malaysia (69)	442.83	+2.5	427.43	295.30	369.27	433.28	+2.4	1.60	432.17	420.84	287.10	364.65	422.93	442.83	251.66	247.34
Mexico (19)	1674.01	-0.4	1615.80	1116.37	1395.98	5699.48	-0.3	0.87	1680.72	1636.66	1116.59	1418.18	5717.73	1771.56	1410.30	1316.98
Netherland (24)	191.81	+1.2	185.14	127.91	159.95	157.88	+0.1	3.47	189.55	184.58	125.93	159.94	157.76	191.81	150.39	159.44
New Zealand (13)	62.54	+0.2	60.37	41.71	52.16	60.19	-0.2	3.71	62.44	60.80	41.48	52.68	60.31	62.98	40.56	39.52
Norway (23)	181.25	+1.2	174.95	120.88	151.15	172.89	+0.3	1.48	179.02	174.33	118.94	151.06	172.40	181.25	137.71	137.02
Singapore (38)	308.11	-0.5	297.40	205.48	256.94	222.64	-0.5	1.52	309.56	301.44	205.66	261.20	223.68	310.29	207.04	184.91
South Africa (60)	211.44	-0.7	204.08	141.00	176.32	193.64	+1.5	2.71	212.92	207.34	141.45	179.66	190.71	215.29	144.72	158.57
Spain (42)	140.63	+1.8	135.74	93.79	117.28	139.09	+0.7	4.11	138.14	134.52	91.77	116.56	138.08	140.97	115.23	112.14
Sweden (36)	197.57	+1.5	190.70	131.76	164.76	233.91	+0.5	1.44	194.61	189.51	129.29	164.22	232.71	197.57	149.70	152.68
Switzerland (50)	145.10	+1.5	140.06	96.77	121.02	126.44	+0.1	1.72	142.90	139.15	94.94	120.59	126.29	145.10	108.91	114.46
United Kingdom (218)	193.97	+1.4	187.22	129.34	161.74	187.22	+0.5	3.82	191.37	186.35	127.12	161.46	186.35	193.97	162.00	170.06
USA (518)	188.04	+0.2	181.50	125.41	156.82	188.04	+0.2	2.73	187.65	182.73	124.67	158.34	187.65	189.40	175.38	164.62
Europe (748)	162.97	+1.4	157.30	108.68	135.91	150.50	+0.4	3.00	160.75	156.54	106.80	135.65	149.96	162.97	133.92	135.93
Nordic (114)	187.50	+1.5	180.98	125.04	156.36	192.18	+0.5	1.28	184.75	179.91	122.74	155.89	191.20	187.50	142.13	142.26
Pacific Basin (713)	161.83	+0.3	156.20	107.92	134.95	112.45	+0.6	1.06	161.36	157.13	107.21	136.16	111.78	168.80	105.89	110.66
Euro-Pacific (1461)	162.19	+0.7	156.55	108.15	135.24	127.83	+0.5	1.86	161.00	156.78	106.95	135.85	127.19	162.86	117.26	120.88
North America (625)	184.10	+0.2	177.70	122.79	153.55	183.42	+0.2	2.73	183.71	178.89	122.06	155.04	183.04	185.59	171.51	161.45
Europe Ex. UK (530)	143.14	+1.4	138.16	95.48	119.39	129.05	+0.3	2.46	141.18	137.48	93.81	119.15	128.68	143.14	112.51	115.41
Pacific Ex. Japan (244)	216.83	+0.3	209.29	144.62	180.84	201.08	+0.1	2.86	216.26	210.60	143.70	182.50	200.82	216.83	152.70	154.13
World Ex. US (1647)	162.35	+0.7	156.70	108.27	135.39	129.74	+0.5	1.89	161.24	157.01	107.13	136.06	129.10	162.89	118.51	121.75
World Ex. UK (1947)	167.57	+0.4	161.74	111.75	139.75	143.98	+0.4	2.02	166.86	162.49	110.66	140.81	143.43	168.50	134.22	131.98
World Ex. So. Af. (2105)	169.71	+0.5	163.81	113.19	141.54	147.44	+0.4	2.19	168.83	164.40	112.17	142.47	146.88	170.43	137.29	135.21
World Ex. Japan (1696)	179.12	+0.6	172.89	119.47	149.40	172.69	+0.3	2.82	178.04	173.37	118.29	150.25	172.22	179.12	157.47	151.93
The World Index (2165)	169.89	+0.5	163.98	113.30	141.68	147.87	+0.4	2.20	169.02	164.59	112.29	142.63	147.29	170.42	137.32	135.28

Constituent change with effect 12/10/93: Addition: Marriott International (USA). Latest prices were unavailable for this edition.